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Understanding the Economics of the Park Home Industry in Wales Final report

Understanding the Economics of the Park Home Industry in Wales

Public and Corporate Economic Consultants (PACEC) Ltd



Views expressed in this report are those of the researcher and not necessarily those of the Welsh Government

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Glossary text

Acronym/Key word	Definition
BH&HPA	British Holiday & Home Parks Association
CML	Council of Mortgage Lenders
CPI	Consumer Prices Index
DCLG	Department for Communities and Local Government
IPHAS	Independent Park Home Advisory Service
LPG	Liquefied Petroleum Gas
NAPHR	National Association of Park Home Residents
NCC	National Caravan Council
ODPM	Office of Deputy Prime Minister
ONS	Office for National Statistics
PHRAA	Park Home Residents Action Alliance
RPI	Retail Price Index

1 EXECUTIVE SUMMARY

Introduction

- 1.1 The Welsh Government appointed Public and Corporate Economic Consultants Limited (PACEC) in October 2015 to undertake 'a study of the Economics of the Park Home Industry'.
- 1.2 As outlined in the specification, the aim of this research project was to undertake a comprehensive, independent assessment of the economics of the park home industry in Wales, including consideration of whether a Commission Rate remains appropriate and, if so, at what level that rate should be set. In particular, this would include analysis of the income, expenditure and profit of park owners, and the impact of variations in the level of remuneration via the commission rate and pitch fees.

Methodology

- 1.3 Key components of the research methodology included:
- Desk based research, which involved identifying, collating and reviewing relevant published information which provided an understanding of the market and policy context in which the research was being carried out.
 - Interviews with representatives of eight key stakeholder organisations, namely:
 - British Holiday and Home Parks Association (BH&HPA)
 - National Caravan Council (NCC)
 - National Association of Park Home Residents (NAPHR)
 - Independent Park Home Advisory Service (IPHAS)
 - Carmarthenshire Council
 - Vale of Glamorgan Council
 - Powys Council
 - Torfaen Council.
 - Consultation with a group of park home residents who have been campaigning for the abolition of the 10 per cent Commission Rate.
 - Implementation of an online park operator survey. The survey was launched on 7 January 2016 and closed on 7 March 2016. Over this two-month period, a total of 32 park operators responded to the survey. This resulted in a response rate of 52

per cent. Responses were obtained from at least one park in 14 out of the 19 Local Authority areas with residential parks.

- Administering a park home resident postal survey. In total, 2,517 surveys were posted to residents at 81 park home sites and responses were received from 587 residents from 65 sites.
- Visits to 18 residential park home sites across Wales. Each site visit included an interview with the park operator and, where possible, a focus group with park residents. A total of 122 residents attended group discussions at 14 sites.
- In total, 65 of the 88 parks (74 per cent) were covered by the survey and / or site visits.

- 1.4 Research participants were given the opportunity to participate in either English or Welsh and all research tools were provided bilingually.

Key Findings

Sector and Operator Profile

- 1.5 Based on our fieldwork, the Welsh residential park homes sector appears to be comprised of 88 parks. Over 50 per cent of parks are located in the following five local authorities: Powys, Pembrokeshire, Carmarthenshire, Ceredigion and Flintshire.
- 1.6 Welsh Government 2012 data and the study's survey data highlights that the sector is dominated by 'micro' or 'small' parks, with only 6 sites being classified as being 'large' or 'very large'. The data also suggests that residential park home sites in Wales are (on average) smaller than those in England and Scotland.
- 1.7 Of the 32 park operators that completed a survey, 22 (69 per cent) provided revenue and cost information. Therefore, an element of caution should be used when interpreting these results, given the limited number of responses to these questions. The findings of the operator survey suggest that the sources of income most commonly cited by park operators were pitch fees, commissions on private sales, recharge of utilities and sales of park homes.
- 1.8 The findings also show that on average, income from commission on sales accounted for eight – 10 per cent of total income in 2013/14 and 2014/15. This is broadly consistent with a 2002 Office of the Deputy Prime Minister (ODPM) study undertaken across England and Wales which identified that income from commission represented approximately seven per cent of total income. The most

commonly cited sources of expenditure for park operators are: general park maintenance and repairs, employment, licencing and insurance premiums.

- 1.9 A significant proportion of parks, 36 per cent (n=8) incurred deficits in 2013/14 and 2014/15. Eighteen per cent of parks recorded a surplus of less than 30 per cent of their income whilst the remaining 45 per cent provided data which indicated a surplus of more than 30 per cent of their income. The average surplus made by parks was £40,400.
- 1.10 Discussions with BH&HPA representatives have corroborated the above as being a fair reflection of the financial state of the sector. Anecdotally, representatives from BH&HPA also indicated that a significant number of their members were operating with their banks on a 'special measures' basis.
- 1.11 The 2002 ODPM research, which encompassed park homes in both England and Wales, identified an average Net Income range of £30,000 - £50,000 per park (equivalent to c£45,000 - £76,000 at 2016 prices, based on historical inflation rates) across all park sizes. The average surplus identified by this study is £40,400, which equates to the lower end of the range identified by the ODPM research. The ODPM research also identified that on average, small parks incurred a Net Loss of £5,000. The lower net income/ loss making profile of smaller parks identified within this 2015/16 research is consistent with the findings of the previous research.
- 1.12 Although the Mobile Homes (Wales) Act 2013 has strengthened the relative bargaining power of residents and clarified the process of determining pitch fees it has also resulted in increased administration and expenditure for park operators. The operator survey and interviews have identified that the restrictions in pitch fee increases have had a particularly significant impact on operators, as there is little scope to offset the additional costs now being incurred. A reported reduction in turnover from the resale of new properties is also impacting negatively on income generation and asset value, and the introduction of the five-year license has reduced the attractiveness of parks during sale.
- 1.13 The above highlights that the vast majority of businesses within Welsh park homes industry are not making high levels of profit. In fact, a significant proportion of the sector appears to be trading at near or below breakeven. This clearly has implications for any change to the commission rate, as a reduction in a key area of income, without a corresponding increase in another, will invariably jeopardise the

viability and sustainability of a significant proportion of businesses within the sector. This could result in the closure/sale of parks, which is likely to be detrimental to both operators and residents.

Resident Profile

- 1.14 This research identifies that park home residents tend to be aged over 55. The resident survey identified an average respondent age of 71.
- 1.15 Thirty-seven per cent of survey respondents identified that they have an income of between £1,000 and £2,000 per month, only seven per cent have an income in excess of this and 16 per cent have an income of less than £600 per month. Just over one quarter (26 per cent) of respondents reported that they have no savings, while 52 per cent of those that do have savings report their savings are either not being added to or decreasing. In relation to monthly expenses, residents pay between £333 and £352 per month on average for utilities / services in addition to their pitch fee (£148 per month on average). These findings highlight that a significant number of park home residents are in a precarious financial position, with little capacity to incur a significant increase in living costs.
- 1.16 Of those that responded to the survey, 37 per cent had lived in their current home for over 11 years, with eight per cent having lived there for more than 20 years. 65 per cent stated that they do not intend to move in their lifetime, while a further eight per cent stated that they intend to stay for 10 years or longer.
- 1.17 High proportions of survey respondent's access electricity, mains water and mains sewage directly from the park operator. When asked to estimate their monthly or annual expenditure, gas (both mains and bottled gas) featured as the area of highest cost.
- 1.18 Given the restrictive financial position of many park home residents and the intention of the majority of respondents to remain within their park home for the foreseeable future, there is likely to be limited appetite by these residents to incur higher pitch fees on an ongoing basis in lieu of a reduction/ removal of a commission rate that will only derive benefit upon the sale of their home.

Resident Satisfaction

- 1.19 Survey and interview feedback highlights that three-quarters of residents were satisfied with park location and amenities. However, a third of residents reported

being dissatisfied in relation to the maintenance and upkeep of parks and the conduct of park operators.

- 1.20 Feedback from local authority and resident representative organisations highlight that areas of dissatisfaction tend to arise in relation to:
- poor site maintenance
 - the use of the residency agreement as a means of controlling demand/ access to the Park
 - some lack of awareness of the 10 per cent commission by residents.
- 1.21 The above suggests that further work is required to identify and address poor practice at park home sites and to ensure that resident rights are protected.

Resident Awareness of Contractual Obligations

- 1.22 The resident survey and discussions with residents highlight that whilst the majority of residents are aware of both the 10 per cent commission rate and the potential for pitch fees to be reviewed and increased annually, a significant minority are unaware or unclear about these issues. There is a need to enhance greater awareness of these issues among the current resident population and to ensure that these points are made abundantly clear to future potential residents.

Appraisal of Commission Options

- 1.23 Options for reforming the economic transactions between residents and operators are outlined below. These options were assessed in the 2002 ODPM report and remain relevant for consideration within this report:
- Removal of the commission rate.
 - A reduction of the commission rate to 2.5 per cent.
 - A reduction of the commission rate to five per cent.
 - A reduction of the commission rate to 7.5 per cent.
 - Deferring the commission rate until the point of sale on a sliding rate.
- 1.24 To calculate the impact of reducing or removing the commission rate, financial information provided by park operators as part of the operator survey was analysed. In total, 22 park operators provided financial data. The average revenues generated from pitch fees and commissions per pitch were calculated by park size and these figures were used to calculate the decrease in commission revenue. This is the same methodology employed in the 2002 report. As only two park operators

provided data from micro parks and the limited number of pitches in those parks, this data was analysed along with the small parks data.

- 1.25 As outlined above, there are numerous options for reducing the commission rate. These options could potentially benefit existing residents, as they would receive a higher price when selling their homes. However, given the limited level of profitability experienced within the park homes sector, if the commission rate was to be lowered, operators are likely to seek an increase in another source of income to off-set the loss. The most likely source of increase being pitch fees¹.

Removal of the Commission Rate

- 1.26 Removal of the commission rate without offsetting the loss through an increase in another source of income would result in a loss of approximately:
- Sixteen per cent of revenue in small parks.
 - Ten per cent of revenue in medium parks.
 - Fifteen per cent of revenue in large parks.
- 1.27 In order to offset losses in the event of the commission rate being abolished, pitch fees would need to increase by an average of 14 per cent, i.e. £13 - £22 per month (£156 - £264 per annum).
- 1.28 The removal of the commission fee would enable a resident to receive a higher price for the park home, however, if its removal results in higher pitch fees, which are paid regularly on an ongoing basis, it is likely to impact negatively on a group of people that typically have limited financial resources and who wish to remain in their park home in the medium to long term (73 per cent of residents intend to live in their park home for at least 10 years).

^[1] Currently, pitch fees can only be increased in line with the Consumer Prices Index. However, provisions within the Mobile Homes (Wales) Act 2013 may allow for this to be revisited on the basis of changes to operator costs resulting from an enactment which has come into force (ref http://www.legislation.gov.uk/anaw/2013/6/pdfs/anaw_20130006_en.pdf Page 50, Paragraph 18.1(d) para 1). Alternatively, future amendments to the Act may be required.

Reducing the Commission Rate

- 1.29 Reducing the commission rate to 2.5 per cent would lead to an increase in pitch fees of 14 per cent in small parks, nine per cent in medium parks and 13 per cent in large parks
- 1.30 From a resident's perspective, the reduction of the commission fee would have a similar impact as a complete removal, as the reduction of the commission rate may also result in higher pitch fees.
- 1.31 The impacts of reducing the commission rate to five per cent and 7.5 per cent were also tested. The resulting increases in pitch fees across parks of different sizes can be seen in the Table below.

Table 1.1: Pitch Fee Increases at Different Commission Levels

Park Size	10 per cent	7.5 per cent	5 per cent	2.5 per cent	0 per cent
Small	£1,444	£1,511	£1,578	£1,645	£1,712
Medium	£1,407	£1,448	£1,488	£1,529	£1,569
Large	£1,419	£1,480	£1,542	£1,603	£1,664
Average	£1,423	£1,480	£1,536	£1,592	£1,648

Base: 22

Sliding Rate

- 1.32 The introduction of a "sliding rate", payable by the resident on the sale of a park home, would have varying impacts on residents, depending on how long they had owned their park home. This would alter the way in which revised pitch fee calculations are made. In a simple example, commission fees could commence at one per cent and increase at an annual rate of one per cent, up to 10 years, resulting in a maximum payable rate of 10 per cent (the current rate).
- 1.33 This would be a fairer approach for those residents who may wish to sell their homes after a short period of time. It may also encourage people to try the park homes lifestyle, knowing that they would be able to re-sell their homes relatively cost-effectively.
- 1.34 In order for this method to be sustainable for park operators, pitch fees would need to be recalculated annually, which would increase the administrative burden on operators. In addition, this option would only be available to new residents as it

represents a form of deferred payment and under the current system, existing residents have already paid their commission fee upon purchase of their park home.

- 1.35 However, given that a large majority of survey respondents indicated that they intend to remain in their park home for longer than 10 years, or for the remainder of their life, many residents are unlikely to be supportive of increases in pitch fees.

Recommendations

- 1.36 Based on the above, the report's recommendations are as follows:

- **Commission Rate** – although the commission rate is an ongoing source of dissatisfaction among residents, the results of this research suggest that its removal/ reduction has the potential to have a negative impact on the viability and sustainability of many Welsh park home operators. If the removal/ reduction of the commission rate were to be offset by an increase in pitch fees, this could have a negative impact on residents who have extremely limited financial resources and who wish to remain in their park home for the foreseeable future. Consequently, we recommend that the commission rate remains unchanged for existing residents, but that consideration be given to providing new residents with an option of incurring higher pitch fees in lieu of a commensurate reduction in the commission rate applied to future sales. Although, this approach may require legislative change and it is likely to add to the complexity of operator administration and business planning, it could (if adopted by sufficient numbers) contribute to improved operator cash flow and viability, whilst providing residents with greater choice and the potential to obtain a higher proportion of the proceeds of the sale of their park home.
- **Resident awareness of contractual obligations** - There is a need to enhance greater awareness of contractual obligations among the current resident population and to ensure that these points are made abundantly clear to future residents. We recommend that key stakeholders work collaboratively to ensure that regular and clear communication of these issues are provided to residents.
- **Identification and Addressing Poor Practice** – relatively high levels of resident dissatisfaction continue to exist in relation to the maintenance and upkeep of parks and the conduct of park operators. We recommend that further consideration be given to how incidents of poor practice can be identified and addressed more effectively. We also recommend that, in line with good practice, a regular review is carried out on the effectiveness of the Residential Property

Tribunal, to ensure that it continues to protect the rights of all parties on an equitable and effective basis.

- **Energy Costs** – The cost of energy (and specifically gas) is the highest area of expenditure for park home residents. A household is deemed to be in fuel poverty when more than 10 per cent of income is spent on fuel. Fifteen per cent of the residents responding to the survey stated that they earned less than £600 per month and the average spend of fuel costs ranged from £47 to £66 per month, as such there is evidence of potential fuel poverty amongst residents. We recommend that further consideration should be given to initiatives that reduce energy costs and fuel poverty for this section of the community.

2 INTRODUCTION AND BACKGROUND

Study Overview

- 2.1 The Welsh Government appointed Public and Corporate Economic Consultants Limited (PACEC) in October 2015 to undertake 'a study of the Economics of the Park Home Industry'. This study aimed to gather primary research of both park home residents and park operators to inform an appraisal of options to remove or reduce the commission rate, which is currently 10 per cent. In 2002, the Office of the Deputy Prime Minister (ODPM) commissioned a similar study undertaken across England and Wales, the outcome of which was the commission rate remaining at 10 per cent. The implementation of the Housing (Wales) Act 2013 addressed some of the issues highlighted by the study but the commission rate remains a source of contention for residents.
- 2.2 A 'park home' is a residential mobile home, installed on a site or home park. Park homes vary in size and condition, some resemble bungalows, while others are closer in appearance to traditional caravans. The character of this tenure is unique, as they do not count as dwellings under the law, but are classified as chattels². Park homes are governed in Wales by the Mobile Homes (Wales) Act 2013. They are excluded from building regulations that apply to bricks and mortar. Instead, park homes have to conform to British Standard 3632 (2005) if they are intended for residential occupation, as opposed to holiday use. With the exception of where the park home is rented, the home unit belongs to the resident but the operator owns the land upon which it sits. The home park operator and resident enter into an agreement, which confers certain tenure rights, while placing certain obligations upon the operator (such as provision of water, sewage and gas).
- 2.3 Residents make an upfront payment to move onto the park and enter into an agreement with the operator. By doing so they also agree to a mechanism that involves further payments. The resident pays pitch fees to the operator on a regular basis, often monthly. A pitch fee is usually a monthly payment from the resident to the park owner for renting the land which their park home sits on. When an owner of a mobile/park home situated on a site covered by the Mobile Homes Act 1983 (as amended) sells their home, there is a requirement on the new buyer to pay commission on the sale to the site owner. The maximum rate of commission is

² Chattels are defined as moveable goods and property.

currently set at 10 per cent of the sale price, having been set in the Mobile Homes Act 1983. The general justification for the charge is that what is sold is an amalgam of the value of the park home and the value of the site on which it is placed³.

2.4 As part of the tenure rights, the park operator can insist on the replacement of the property in relation to either its condition or age (in order to preserve the offering/appearance of the park). The resident would then have to replace the property (usually purchased from the park operator) and also pay the commission rate.

2.5 Previous research reports on the Park Homes sector include:

- “*Economics of the Park Home Industry*”, Office of Deputy Prime Minister (ODPM), London, (2002).
- “*Park Home Living in England: Prospects and Policy Implications*”, Centre for Housing Policy, University of York, Working Paper (2009).
- “Report on Park Life: Residential Mobile Home Living in Wales”, Consumer Focus Wales (2012).

2.6 Further information on the previous research can be found in Section 4.

Structure of Report

2.7 The structure of the subsequent report is as follows:

- Section 2 provides an overview of the research aims, methodology and limitations of the research.
- Section 3 provides an overview of the park home sector in Wales, details of recent legislative changes impacting on the sector and the findings of other research into the sector.
- Section 4 summarises key findings obtained via stakeholder consultation.
- Section 5 presents the findings of our operator survey and interviews.
- Section 6 presents the findings of our resident survey and interviews.
- Section 7 presents an appraisal of commission rate options.
- Section 8 details the conclusions and recommendations emanating from our analysis.

³ House of Commons Library Briefing Paper, Number 07003, 17 June 2015 “*Mobile (park) homes - 10 per cent commission on sales*”

3 RESEARCH AIMS, METHODOLOGY AND LIMITATIONS

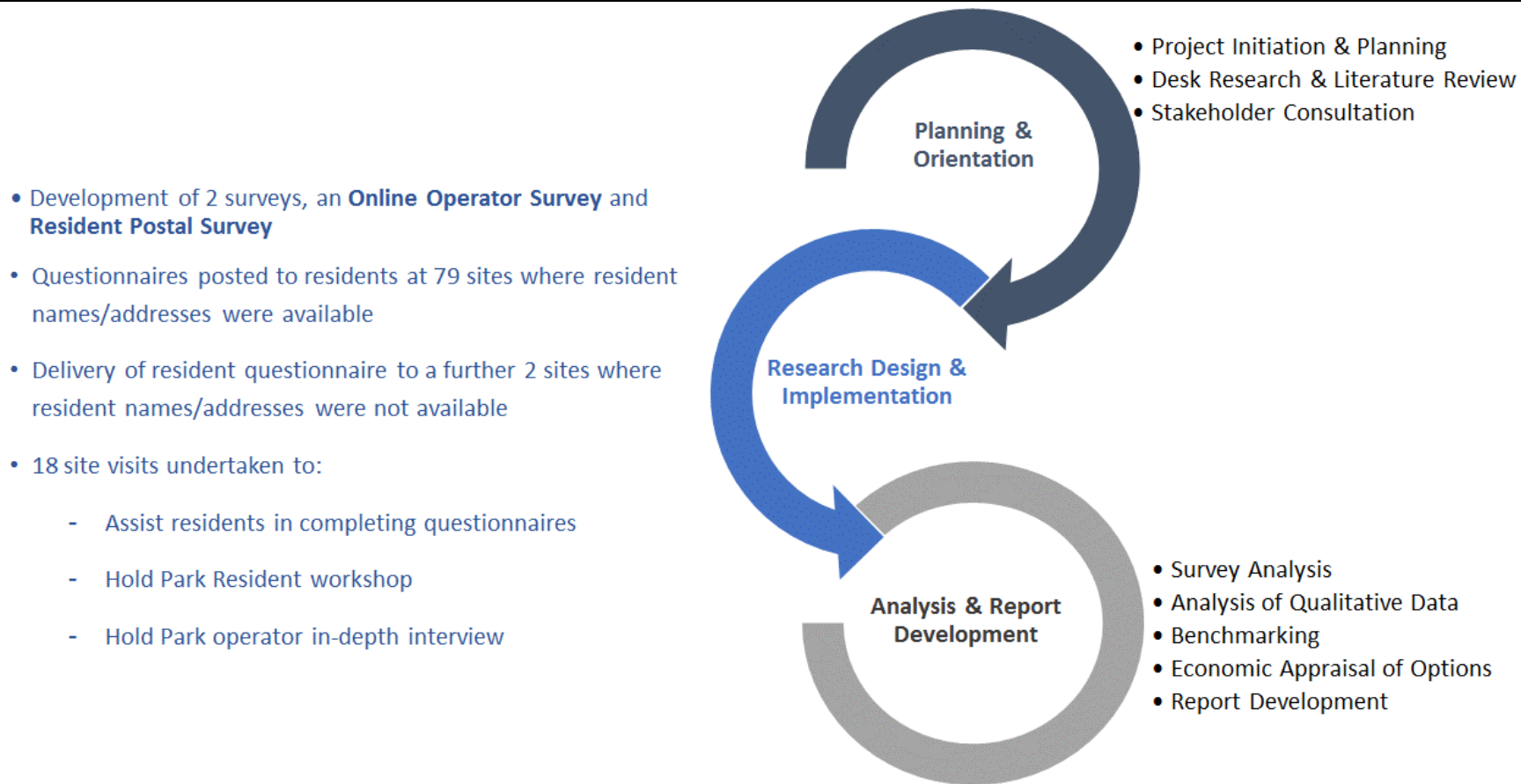
Research Aims

- 3.1 As outlined in the specification, the aim of this research project is to undertake a comprehensive, independent assessment of the economics of the park home industry in Wales, including consideration of whether a Commission Rate remains appropriate and, if so, at what level that rate should be set. In particular, this would include analysis of the income, expenditure and profit of park owners, and the impact of variations in the level of remuneration via the commission rate and pitch fees.

Research Approach

- 3.2 Our approach to this study is outlined in Figure 3.1. Key components of the research methodology included:
- Desk based research, which involved identifying, collating and reviewing relevant published information that provided us with an understanding of the market and policy context in which the research was being carried out.
 - Consultation with officials from Local authorities, resident representative bodies and operator representative bodies and a group of residents from across Wales who have campaigned against the Commission rate.
 - Implementation of an online park operator survey.
 - Administering a park home resident postal survey.
 - Interviews at park home sites with park operators and residents.
- 3.3 Research participants were given the opportunity to participate in either English or Welsh. All research tools were provided bilingually.

Figure 3:1: Study Approach



Stakeholder Consultation

- 3.4 Our research involved consultation with representatives of eight key stakeholder organisations, namely:
- British Holiday and Home Parks Association (BHHPA)
 - National Caravan Council (NCC)
 - National Association of Park Home Residents (NAPHR)
 - Independent Park Home Advisory Service (IPHAS)
 - Carmarthenshire Council
 - Vale of Glamorgan Council
 - Powys Council
 - Torfaen Council.
- 3.5 The Welsh Government provided contact details for nine Stakeholder Organisations (i.e. seven Local Authorities covering areas where park home sites are predominantly located and two Industry Representative Organisations). Three of the Local Authorities declined to respond and following preliminary consultation, an additional two stakeholder organisations were identified and consulted.
- 3.6 In addition to the above, in March 2016 we held a discussion with a group of park home residents that have been campaigning for the abolition of the 10 per cent Commission Rate. Nine residents from four parks attended this meeting.

Online Park Operator Survey

- 3.7 An online survey was developed and, utilising contact details contained within the Welsh Government's database, a web-link was e-mailed to park operators. The e-mail highlighted the aims of the research.
- 3.8 The initial e-mail was followed up by weekly reminder emails and telephone calls to non-respondents to encourage responses.

- 3.9 Details of the survey were initially emailed to 56 park operators (there were 88 residential parks identified in total across Wales), however two of these parks were discovered to not be residential parks and other parks, not included in the initial e-mail, were also identified via on-line research. The research team contacted the operators of these parks via telephone to obtain an email address to forward them survey link. This process resulted in eight additional parks being contacted, five additional survey emails being sent and three surveys being posted. Therefore, a total of 62 operators received the survey.
- 3.10 The survey was launched on 7 January 2016 and closed on 7 March 2016. Over this two month period, a total of 32 park operators responded to the survey. This resulted in a response rate of 52 per cent.
- 3.11 Responses were obtained from at least one park in 14 out of the 19⁴ Local Authority areas with residential parks. Despite weekly reminders and telephone calls, responses were not obtained from the following Local Authority areas:
- Denbighshire
 - Wrexham
 - Neath Port Talbot
 - Torfaen
 - Merthyr Tydfil
- 3.12 Where possible, the research team utilised visits to park home sites to address any geographical gaps in responses. See further details below.
- 3.13 The geographical location of the responding parks, along with the location of all park home sites can be found in Annex G.

⁴ The Local Authority areas of Cardiff, Caerphilly and Blaenau Gwent were identified as not having any Residential Parks.

Park Home Resident Survey

- 3.14 A paper-based postal survey was developed and, utilising contact details contained within the Welsh Government's database of park home residents, questionnaires were initially posted along with a pre-paid envelope to approximately 2,390 park home residents living in 84 parks across Wales.
- 3.15 During the research process, five of the sites receiving questionnaires were reported as being non-residential.
- 3.16 We also received feedback via Welsh Government representatives that residents from a number of parks had not obtained questionnaires. Following this, the survey team attempted to get in contact with the park operators of other parks and a further 127 surveys were posted to two additional sites.
- 3.17 In total, 2,517 surveys were posted to residents at 81 park home sites and responses were received from 587 residents from 65 sites (80 per cent).
- 3.18 A total of 587 park residents responded to the survey. The table below shows the geographical location of the respondents highlighting that the areas of Isle of Anglesey, Flintshire, Wrexham, Vale of Glamorgan and Torfaen were underrepresented by the survey.

Table 3:1 Location of responding residents and all park home residents

LA Area	Per cent of Total Population	Per cent of Total Responses	Variance
Isle of Anglesey	3 per cent	2 per cent	-1
Gwynedd	1 per cent	2 per cent	+1
Conwy	5 per cent	5 per cent	-
Denbighshire	1 per cent	2 per cent	+1
Flintshire	12 per cent	8 per cent	-4
Wrexham	3 per cent	1 per cent	-2
Ceredigion	7 per cent	9 per cent	+2
Pembrokeshire	9 per cent	9 per cent	-
Carmarthenshire	11 per cent	11 per cent	-
Swansea	9 per cent	11 per cent	+2
Neath Port Talbot	1 per cent	2 per cent	+1
Bridgend	5 per cent	5 per cent	-
Vale of Glamorgan	11 per cent	1 per cent	-10
Rhondda Cynon Taf	4 per cent	4 per cent	-
Torfaen	1 per cent	2 per cent	-1
Monmouthshire	2 per cent	2 per cent	-
Newport	1 per cent	7 per cent	+6
Powys	13 per cent	15 per cent	+2
Merthyr Tydfil	1 per cent	2 per cent	+1

3.19 Again, where possible, the research team utilised visits to park home sites to address any geographical gaps in responses. See further details below.

Park Home Site Visits

3.20 The research team also visited 18 residential park home sites across Wales. The location and size of these parks are summarised in Annex H.

3.21 Each site visit included an interview with the park operator using the discussion guide in Annex E and, where possible, a focus group with park residents using the

discussion guide attached at Annex F. A total of 122 residents attended group discussions at 14 sites.

- 3.22 The research team attempted to organise additional site visits in the areas that were underrepresented by the survey. Thirteen sites were contacted on at least two separate occasions, however, difficulties in contacting park operators and/or their lack of interest in participating in a site visit, meant that no additional visits were secured.
- 3.23 In total, 65 sites were covered by the survey and / or the site visits. However, despite the efforts of the research team to ensure that the survey findings were representative in geographic terms (as detailed above), the following areas are underrepresented when compared to the overall population:
- Flintshire
 - Wrexham
 - Vale of Glamorgan
 - Isle of Anglesey and
 - Torfaen

Response Levels Achieved Compared to 2002 ODPM Research

- 3.24 It was recognised from the outset that gathering the data required for the study would be challenging. A previous Office of the Deputy Prime Minister (ODPM) study⁵ encountered similar access and engagement issues. The response rates achieved by this study, compared to those achieved by the 2002 ODPM study are detailed below, highlighting that this study has obtained a significantly higher level of response from both park home residents and operators.

⁵ “Economics of the Park Homes Industry”, October 2002, Berkeley Hanover Consulting, Davis Langdon Consultancy and the University of Birmingham: Office of the Deputy Prime Minister, London

Table 3.2: Survey Response Rates (2015/16 research compared with 2002 ODPM research)

	Residents	Operators
Surveys Sent	2,217 ⁶	62
Useable Responses Received	587	32
Response Rate	26 per cent	52 per cent
Comparison to 2002 ODPM research covering both England and Wales	634 responses received from 4,997 sent (13 per cent)	157 received from 1,439 sent (11 per cent)

Research Limitations

- 3.25 Survey response rates achieved by this research surpass those obtained by the 2002 ODPM study. The findings of both operator and resident surveys are based on samples of the total populations which means they are subject to sampling error i.e. the results obtained from this sample may not be a fully accurate representation of the full population. The resident survey received 587 responses, as a result we can be 95 per cent confident that the results are accurate with a five per cent margin of error, indicating that the results are robust. The operator survey received 32 responses, we can be 95 per cent confident that the results are accurate with a 15 per cent margin of error, meaning that these results are less robust and caution should be used when drawing conclusions⁷.
- 3.26 In responding to questions in the survey, a number of both resident and operator respondents ‘skipped’ questions, particularly those of a financial nature or those considered to be personal, thereby reducing the robustness of the data associated with these questions. For example, in the financial section of the operator survey, only 22 respondents provided enough information for analysis to be carried out, which results in a 95 per cent confidence interval with a margin of error of 20 per cent. This higher margin of error should be taken into consideration when interpreting these results.

⁶ 2,517 surveys posted in total, 250 surveys were “returned to sender” resulting in 2,217 valid questionnaires.

⁷ The resident survey responses are robust at a confidence interval of 95 per cent with a margin of error at five per cent. The operator survey received 32 responses, with a confidence interval at 95 per cent at a margin of error of 15 per cent

3.27 Furthermore, financial information provided by both operators and residents has not been validated and therefore its accuracy may be impacted by reporting error and/or misrepresentation. Validation of financial information would require the review of audited accounts of park home operators, however, this was outside of the scope of this research project.

4 PROFILE OF SECTOR

Introduction

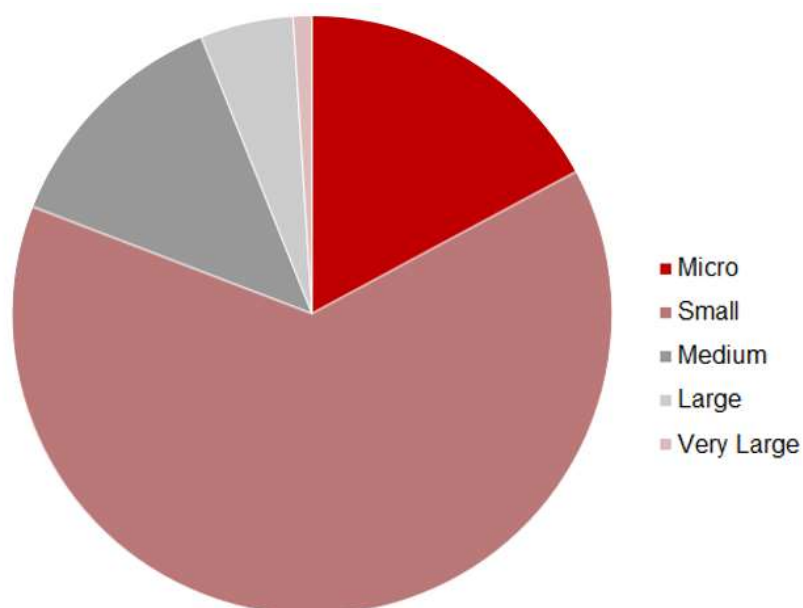
- 4.1 This section provides a summary of key findings obtained from a desk based review of available information. It includes a profile of the park homes sector in Wales, a summary of recent legislative changes impacting on the sector and the findings of previous research into the sector.

Number of Parks and Homes

- 4.2 The Welsh Government Register of Park Homes (2012) identifies 91 residential mobile home sites spread across 19 of the 22 local authorities in Wales. This register is not exhaustive and does not include all park homes in Wales, however it is considered to be the register with the most complete coverage. The register also identifies that these sites are home to 3,430 households (refer to Annex B).
- 4.3 Our research suggests that there are 88 residential park home sites in Wales i.e. in addition to the 91 parks identified within the Welsh government database, our research identified a further seven sites, however, 10 of the 98 sites stated that they are non-residential.
- 4.4 Over 50 per cent of parks identified through the Welsh Government Register of Park Homes and through this study are located in the following five local authorities: Powys, Pembrokeshire, Carmarthenshire, Ceredigion and Flintshire, with four of the five (the exception being Flintshire) being in the top ten tourist destinations in Wales⁸.
- 4.5 As illustrated in Figure 4.1, Welsh Government 2012 data (Annex B) highlights that the majority of the sector (80 per cent) is dominated by small or micro parks (1-50 pitches), 13 per cent are medium sized (51-100), five per cent are large (101-200) and only one park is classified as very large (200+).

⁸ Local authority tourism profiles 2010-2012: Comparison of local authorities. Welsh Government 2013.

Figure 4:1 Overview of Welsh Park Homes by Size

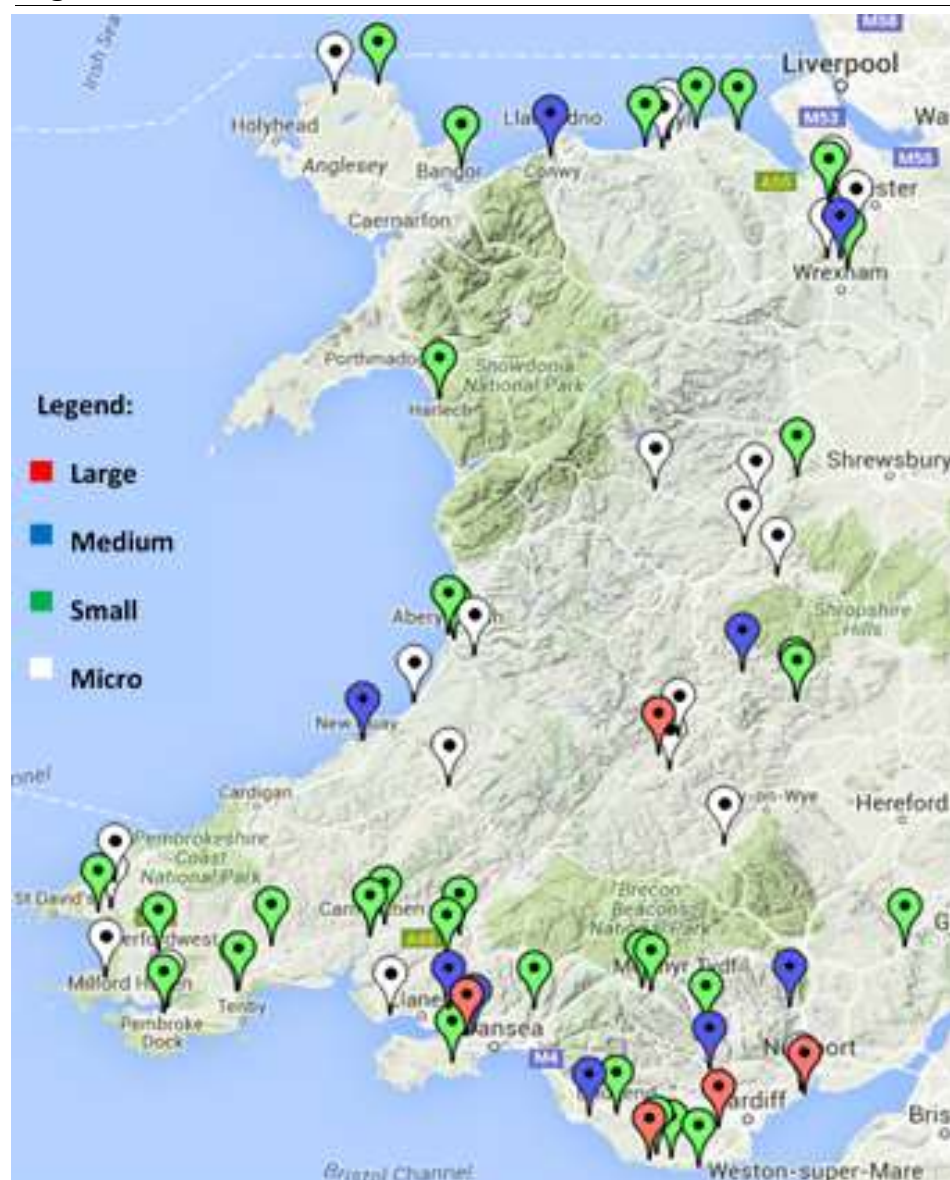


Source: Welsh Government Register of Park Homes (2012)

- 4.6 Data presented within the 2002 ODPM report shows, 58 per cent of parks in England were categorised as small or medium (i.e. having less than 50 pitches), compared to 80 per cent in Wales. Therefore, Wales appears to have a considerably higher proportion of small parks (less than 50 pitches) than England.
- 4.7 Furthermore, data for exclusively residential parks that are members of BH&HPA identifies that on average Welsh parks have 25 per cent fewer pitches than English and Scottish parks and that they are 50-62 per cent smaller in terms of overall acreage (Refer to Annex B – Supplementary Information). It should be noted that the BH&HPA data only represents a sub-set of the overall park population in each country (e.g. in Wales only 31 per cent of residential parks are represented by BH&HPA data).
- 4.8 Figure 4.2 provides an overview of the location of parks by size category, based on data contained in the Welsh Government database⁹.

⁹ Although the Welsh Government database is not exhaustive, it provides more complete coverage than other datasets.

Figure 4:2 Overview of Welsh Park Homes



#

Wider Housing Market Context

4.9 Analysis of trends in the wider housing market in Wales highlights:

- A general increase in the housing stock. Over the period 2002 to 2014, the housing stock in Wales increased by over 100,000 dwellings (eight per cent).¹⁰
- A doubling of average house prices over the same period, with the most significant increases being in:

¹⁰ <https://statswales.gov.wales/Catalogue/Housing/Dwelling-Stock-Estimates/DwellingStockEstimates-By-LocalAuthority-Tenure>

- Anglesey
 - Ceredigion
 - Monmouthshire
 - Powys
 - Vale of Glamorgan and
 - Pembrokeshire¹¹.
- The two areas with the lowest private sector rent¹² levels ¹³ are Blaenau Gwent and Merthyr Tydfil whilst Merthyr Tydfil was also the authority with the lowest level of homelessness during 2014-15.

4.10 Figure 4.3 identifies key trends in the house prices in Wales, compared to England and Scotland, which highlights that England, Scotland and Wales have all experienced sustained growth in average house price since 2011. However, in Scotland and Wales, this growth has been at a significantly slower pace than in England.

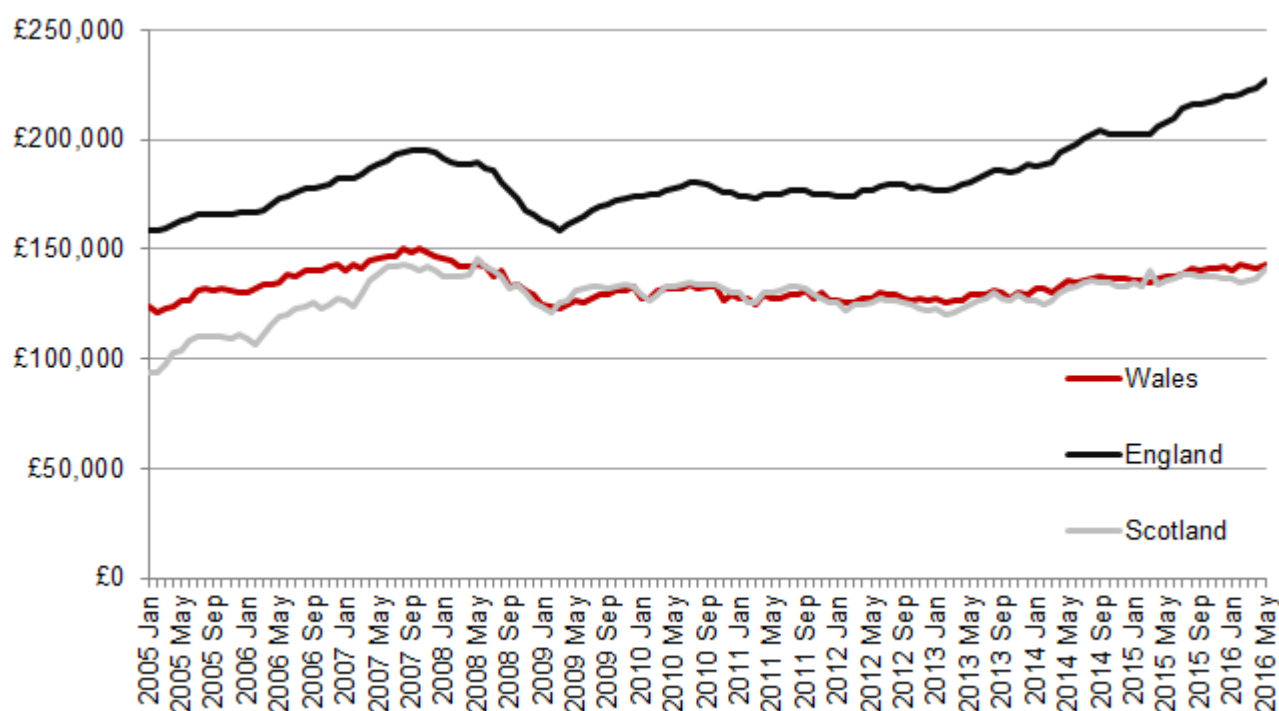
4.11 During periods of strong growth in house prices, residential parks can emerge as a more affordable option and demand can increase, however, according to economic theory, when the housing market is depressed, brick and mortar houses are more affordable and as a result, the demand for park homes could be suppressed. Given that house prices have been rising at a slower rate in Wales than in England since 2011, houses in Wales may appear to be relatively less expensive and this may have had a negative impact on the demand for park homes.

¹¹ ONS - House Price Statistics for Small Areas, 1995 to 2014

¹² <https://statswales.gov.wales/Catalogue/Housing/Private-Sector-Rents>

¹³ <https://statswales.gov.wales/Catalogue/Housing/Homelessness/Pre-April-2015/householdsacceptedashomeless-by-area-gender-age>

Figure 4:3: Average House Price by GB Country, 2005 - 2016



Source: Office for National Statistics – UK House Price Index (June 2016)¹⁴

Legislative Change

- 4.12 The Welsh Government has acted to incorporate amendments to the Mobile Homes Act 1983 to ensure that they also apply in Wales. For example, The Mobile Homes Act 1983 (Amendment of Schedule 1 and Consequential Amendments) Wales Order 2013 extended security of tenure under the Act to Gypsy and Traveller sites.
- 4.13 The May 2009 consultation Park Home Site licensing - Improving the Management of Residential Park Home Sites: Consultation was a joint UK/Welsh Government process. The response, Park homes site licensing reform: The way forward and next steps (March 2010), was also a joint paper. In December 2011 the Welsh Government set out its own proposals for the sector in Meeting the Housing Challenge: building a consensus for action (December 2011). A subsequent White Paper (May 2012) highlighted the need to modernise the legislation governing mobile home sites.
- 4.14 In May 2012 Welsh Assembly Member, Peter Black, took forward his own Regulated Mobile Homes Sites (Wales) Bill. This Bill became the Mobile Homes

¹⁴ <https://www.ons.gov.uk/economy/inflationandpriceindices/bulletins/housepriceindex/june2016#toc>

(Wales) Act 2013 which gained Royal Assent on 4 November 2013. The stated purpose of the Act is to establish a licensing regime for mobile home sites in Wales and to make further provision in relation to the management of such sites and the agreements under which mobile homes are stationed on them¹⁵.

4.15 The Mobile Homes (Wales) Act 2013 came into force on 1 October 2014. It was designed to help improve regulation of the industry so that conditions on mobile home sites were improved and the rights of residents were better protected.

4.16 The main features of the new legislation are:

- Site owners are required to apply for a licence from their local authority to operate a site. The licence will last up to five years.
- Site managers will need to pass a “fit and proper person” test¹⁶ before being awarded a licence.
- Site owners will no longer be able to block the sale of a mobile home (unless a viable reason is provided). The mobile home owner will be free to sell their home to who they wish (unless a viable reason is provided).
- Local authorities will be able to inspect sites and issue a fixed penalty notice to site owners if conditions on the site are not kept properly.
- In more serious instances, local authorities will be able to issue the site owners with a compliance notice to make sure that site conditions are upheld.
- Pitch fees can only be increased in line with the Consumer Prices Index (CPI)
- Site owners and residents will be able to appeal to the Residential Property Tribunal in certain circumstances.

4.17 The 2013 Act did not change guidance provided within “Model Standards for Caravan Sites in Wales” (2008), which covers issues relating to:

- Boundaries and plan of the site
- Density, spacing and parking between caravans
- Road gateways and overhead cables
- Footpaths and pavements

¹⁵ The Welsh Government has produced a series of leaflets on the key changes made by the Mobile Homes (Wales) Act 2013 for site owners and residents. These leaflets are available to download on the Welsh Government’s website.

¹⁶ This was introduced in the Housing (Wales) Act 2014 and is a declaration made by the applicant that they have not committed any offence relating to relevant criminal convictions or have not practiced harassment or discriminatory behaviour towards any group protected by the Equality Act 2010.

- Lighting
- Bases
- Maintenance of common areas
- Supply and storage of gas
- Drainage, sanitation and water supply
- Communal recreation space
- Notices and information.

Responsibilities of Local Authorities in Wales

4.18 The 2013 Act places a responsibility on Local Authorities¹⁷ to:

- issue a site license if it is considered appropriate within two months of an application being made, providing the site has the benefit of planning permission
- in deciding whether to grant a site licence for a regulated mobile home site, a local authority must be satisfied that the site owner “is a fit and proper person to manage the site or (if the owner does not manage the site) that a person appointed to do so by the owner is a fit and proper person to do so...” or “has, with the owner’s consent, itself appointed a person to manage the site.” This requirement is to ensure that those responsible for operating the site licence and managing the site are of sufficient integrity and good character to be involved in the management of a regulated site for mobile homes to which the application relates and as such they do not pose a risk to the welfare or safety of persons occupying mobile homes on the site
- have regard to Model Standards¹⁸ in specifying conditions that may accompany a site license
- keep a register of site licenses issued in its area open to inspection for the public at all reasonable times
- where the ‘owner of the land is failing or has failed to comply with a condition of the site licence’, the power to give the owner:
 - a fixed penalty notice or
 - a compliance notice.

¹⁷ Sourced from Draft Fees for Licensing Residential Park Home Sites and Reviews of Residential Park Home Sites.

¹⁸ These are the Model Standards for Caravan Sites in Wales 2008.

Responsibility of the Residential Property Tribunal

- 4.19 Since 30 April 2011 residential property tribunals have had the power to deal with an application that relates to a 'protected site' within the meaning of the Mobile Homes Act 1983 (the Act) in England and Wales. These include:
- a park home site (and any home or pitch within it)
 - a park home or pitch within a mixed residential or holiday site as long as it is within the residential (protected site) part
 - an authorised privately owned or managed traveller site (and any home or pitch within it)
 - a traveller site owned by a local authority (and any home or pitch within it).
- 4.20 Further details of the type of applications that can be made to the residential property tribunal can be found in Annex B.

Previous relevant research

- 4.21 Previous research reports on the Park Homes sector include:
- "*Economics of the Park Home Industry*", Office of Deputy Prime Minister (ODPM), London, (2002).
 - "*Park Home Living in England: Prospects and Policy Implications*", Centre for Housing Policy, University of York, Working Paper (2009).
 - "Report on Park Life: Residential Mobile Home Living in Wales", Consumer Focus Wales (2012).
- 4.22 The following is noted with regard to these studies:
- They all predate the change in legislation in 2013.
 - They do not provide a comprehensive review of both the views of operators and residents.
 - The 2002 ODPM report included a wider review, including the perspectives of park home manufacturers and financial support services.
- 4.23 The methodology employed in each of the three studies can be found in Annex B.
- 4.24 All three studies identified two distinct groups with differing reasons for choosing to relocate to a park home site:
- The first group comprised of people who had moved to a park home, primarily as a result of constraints within the wider housing market (i.e. priced out).

- The second group comprised of people who had decided to move in relation to a lifestyle choice the park home form of accommodation offered:
 - Rural/pleasant environment and /or peace and security
 - Suitability of the home: i.e. single floor living, smaller home, cheaper/easier maintenance
 - Opportunity to live mortgage free/release equity from disposal of former property.

4.25 There is a divergence of reasoning between older householders¹⁹ i.e. households in which the oldest adult is over 60 years of age, who are more likely to cite lifestyle reasons (especially pleasant environment) and physical suitability (especially one floor living) and younger family households who are most likely to cite financial constraints for their selection of the park home option.

4.26 In each of the three studies, the following issues were raised:

- Problems with the process of buying a park home (i.e. lack of transparency over full pricing regime)
- Sales on the open market being blocked
- Poor maintenance of the park and not adhering to the site licence conditions.

4.27 Unanticipated variances in fees. This research builds on the previous studies, focussing solely on Wales, it incorporates the views of residents, operators and key stakeholders. As the previous studies predate the Housing (Wales) Act 2013, a number of the issues in the sector which were highlighted in the previous studies have been addressed by the new legislation.

¹⁹ The 2002 survey identified that in 94 per cent of responses, the oldest adult in the household was 50 years of age or over. Almost two thirds were over 60 years of age. The same survey also revealed that nearly 70 per cent of parks operate a minimum age of entry and that for 70 per cent of those with a minimum age that age is 50, with another 15 per cent operating a minimum age of 45.

5 OPERATOR PROFILE – SURVEY AND INTERVIEW FINDINGS

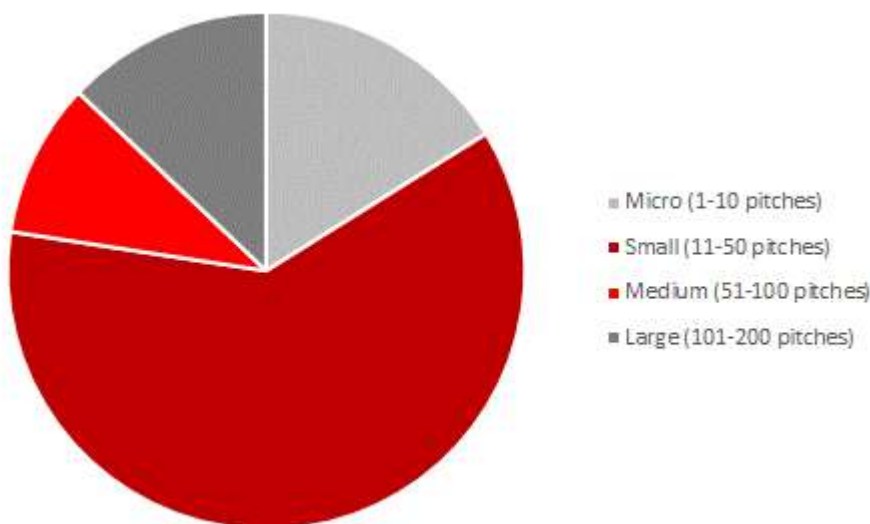
Introduction

- 5.1 The following section presents key findings from our survey and interviews with park operators. As described in Section 3, a total of 32 park operators responded to the survey and 18 interviews were conducted with operators during site visits. In total, 50 park operators from the 88 residential park home sites in Wales took part in the research.

Profile of Parks

- 5.2 Respondents were asked if they were a member of any representative group(s), the majority 29 (91 per cent of respondents) reported that they were a member of the BH&HPA, while three were members of the NCC.
- 5.3 The size of responding parks, based on number of residential pitches, is shown in Figure 5.1. The responses received show a stronger response from micro and small parks compared to the larger parks (78 per cent of respondents were micro or small which is broadly representative of the sector). The majority of parks (23) are no larger than five acres, four are between six and 10 acres and five are between 11 and 25 acres.

Figure 5.1: Size of responding parks



Base: 32

- 5.4 The survey found that the majority of both single and twin pitches are occupied (90 and 86 per cent respectively). The significant majority of both pitch sizes are owner-occupied (both 85 per cent), a small fraction of sites rented (five per cent in single sites, one per cent in twin sites) and the remainder of sites are vacant. Further information of the tenure of different pitches sizes can be found in Annex G.
- 5.5 When asked if they impose any age restrictions on park residents, seven respondents (22 per cent) reported that they did not. Of those that do have an age restriction in place – 13 per cent (n=4) require residents to be aged 40 or over, 44 per cent (n=14) require residents to be aged 50 or over, 16 per cent (n=5) require residents to be aged over 55 and the remaining six per cent (n=2) require residents to be over 60.
- 5.6 The majority of park operators interviewed on site visits (15 respondents, 83 per cent) also confirmed that there was a minimum age for park residents. Sixteen of the respondents (89 per cent) that stipulated a minimum age identified it as 50, however 11 per cent of respondents (n=2) had higher age limits up to 65. When asked about this, the operators indicated that the age limits were placed to ensure that a community could be formed on the parks with people who are around the same age and have similar interests.
- 5.7 The most common facilities at parks are open recreational space and communal gardens (provided by 71 and 67 per cent of parks respectively). Due to the high proportion of parks imposing age restrictions, only 14 per cent of respondents provided a children's play area. Table 5.1 shows the variety of facilities on offer in responding parks. Other facilities on offer, but not listed in table below include a dog walking area, woodlands and a fishing site.

Table 5:1: Park Facilities (multiple response question)

Facilities	Response No.
Open recreational space	15
Communal gardens	14
A laundrette	4
Children's play area – outdoor	3
A clubhouse	2

Base: 21

- 5.8 Most of the responding parks are well-established, with 18 (56 per cent) being in operation for more than 30 years. The majority of parks (59 per cent, n=19) also reported that the current owner has been in place for at least 10 years, with 11 (34 per cent) of these in place for 20 years or more. Thirteen parks are private limited companies, seven are private partnerships and 12 are sole traders. Sixteen of the park owners (50 per cent) also own parks elsewhere.

Park Resident Profile

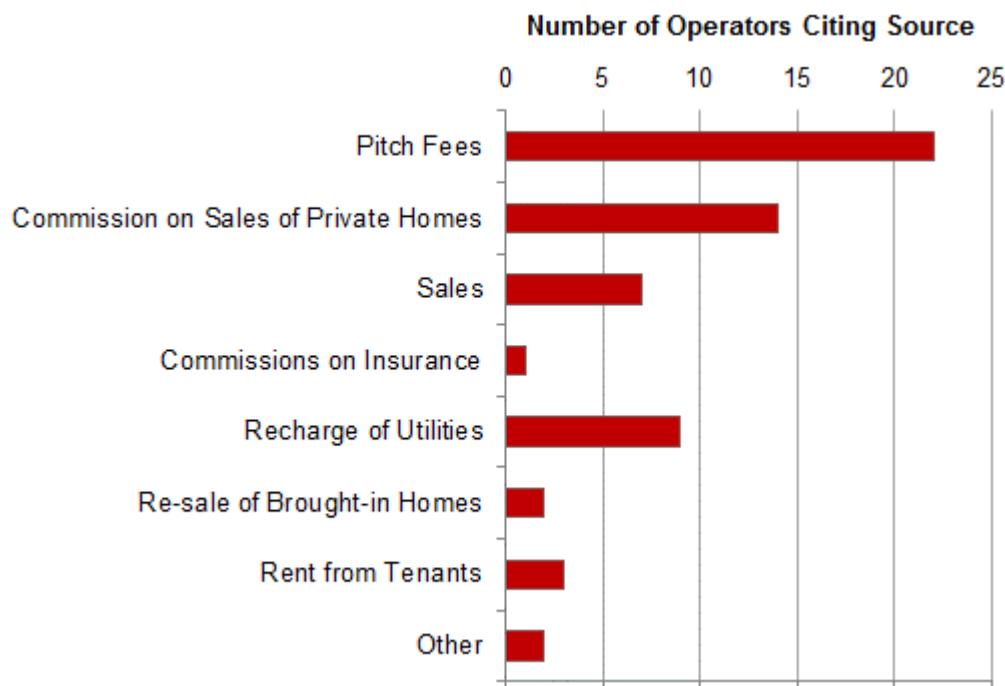
- 5.9 Across all parks, Operator's report the high average lengths of stay by residents, with many residents being on site for over 10 years. However, the smaller independent parks had an above average length of stay, with many staying in excess of 25 years.
- 5.10 Given the age demographic of the park homes population many of the residents only leave upon death, however, according to the residents attending focus groups during site visits, some also have to leave due to poor health and not being able to live independently.

Park Revenue

- 5.11 The survey gathered data relating to operating costs and revenue for parks for the last two financial years.
- 5.12 Of the 32 park operators that completed a survey, 22 (69 per cent) provided revenue and cost information. Caution should be used when interpreting these results, given the number of responses to these questions. As detailed below, when compared to the sector overall, these 22 parks under-represent smaller parks and over-represent larger parks.
- Nine per cent were micro, compared to 22 per cent across the whole sector
 - Fifty-nine per cent were small, compared to 61 per cent across the whole sector
 - Fourteen per cent were medium, compared to 11 per cent across the whole sector and
 - Eighteen per cent were large, compared to six per cent across the whole sector.

5.13 The most commonly cited sources of revenue for parks for the 2014/15 financial year are shown in Figure 5.2. This identifies that apart from pitch fees, commission and recharge of utilities, other sources of income are limited for park operators. The average revenue of the 22 parks was found to be £127,000 (an increase of £13,000 from the 2013/14 financial year). On average, income from commission accounted for 10 per cent of total income in 2013/14 but this figure fell to eight per cent of income in 2014/15. As shown in Figure 5.2, the main sources of revenue for residential parks are pitch fees and commissions on sales.

Figure 5.2: Sources of Revenue listed by Operators



Base: 22

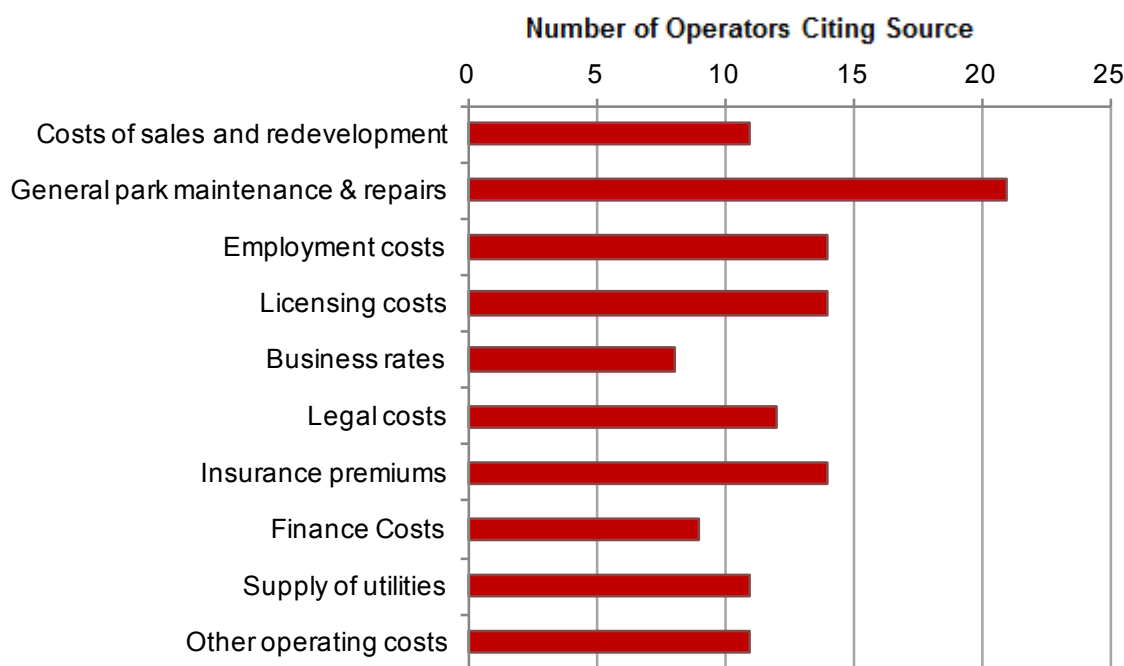
- 5.14 When those operators who were interviewed during site visits responded to the question regarding their main sources of revenue, a slight disparity emerges. Although pitch fees and commission on the sale of residential units were identified as the main sources of revenue in line with the findings of the survey, interviewees identified the sales of new units as a more prominent source of revenue than was indicated by the survey findings (in which utilities was the third main source of income).
- 5.15 Interviews identified that revenue generation has been in a state of flux, with the majority of parks (13 of the 18) noting that they suffered from a decline in revenues in recent years.

- 5.16 Many of the operators (13 of the 18) indicated that sales of new units had slowed as a result of the economic downturn and, for those units sold, the prices realised were significantly down on pre-economic downturn prices. In addition to this, seven of the 18 parks visited were already at capacity in terms of units and therefore there was a limit to the revenue that could be generated from this source. The majority (16 of the 18) of operators indicated that this may not be a reliable source of income in the future.
- 5.17 Operator interviewees confirmed that commission on the private sales of park homes is a key source of income for operators and that it was relied upon to make the most significant investments in the park. However, 14 of the 18 operators indicated that the sale of units had slowed down indicating that this may not be a main source of income going forward. This decline in sales has also resulted in the level of income generated through commissions falling.
- 5.18 The level of pitch fee was identified as having been established in the past and, whilst it can be revised annually, it was reported by operators that in many cases it did not reflect the true costs associated with the parks. Analysis of the interviews revealed there was significant variation in the pitch fee across parks ranging from £80 per month to £190 per month.

Park Operating Costs

- 5.19 Figure 5.3 highlights the most commonly cited sources of operating costs for parks in the financial year 2014/15. Similarly to the income figures, the most volatile cost for parks was linked to sales. The 'Cost of Sales and Redevelopment', increased, on average, by c.£22,000 between 2013/14 and 2014/15), whereas the majority of operating costs remained relatively unchanged between the two financial years. The average operating costs across all 22 respondents increased by £15,000 from £113,000 in 2013/14 to £128,000 in 2014/15, which was marginally higher than average revenue (£127,000).

Figure 5.3: Sources of Operating Costs listed by Operators



Base: 22

5.20 As shown in the figure above, there are a large number of operational costs which affect parks of all sizes. Interviews with park operators during site visits identified that the costs associated with running a park were varied and were largely dependent on the size of the park, however, the main costs included:

- Maintenance and repairs
- Employment Costs.

5.21 Across the parks visited, all 18 operators stated that they undertook regular maintenance programmes to make sure that parks were of a high quality and this incurred costs on a monthly basis.

5.22 The operators who were interviewed also highlighted that other work within the park required significant investment to ensure that the park met requirements stipulated by environmental health departments in the local authorities . This work, although infrequent, comes at significant cost e.g. tarmacking roads. In addition to this, many park owners covered costs of repairs to electricity supply e.g. call out fees for engineers. All of the park owners interviewed indicated that these repair costs were not recouped through charges to the residents or increases in the pitch fee.

- 5.23 As well as the on-going maintenance costs, four of 18 parks had direct employment costs through a park manager who was on-site at all times. Those who did not have a park manager were often living on site.
- 5.24 Operators also identified additional costs which impacted parks to varying degrees. five of the parks had significant legal costs given disputes and issues with residents that have resulted in tribunals and court appearances. Whilst not uniform across the parks, there was a recognised increase in these costs since changes in the legislation as a result of the 2013 Act.

Net Income

- 5.25 Sixty-four per cent of parks responding to the survey reported making a surplus in 2014/15, the average surplus was identified as c.£40,400 (across 14 parks) compared to an average surplus of c.£34,700 in 2013/14 (15 parks). Thirty-six per cent of parks in 2014/15 (eight parks) and 32 per cent of parks in 2013/14 (seven parks) reported a loss for those financial years. In 2014/15 the median²⁰ loss reported was c.£82,800 and in 2013/14 the figure was c.£83,400. The losses ranged from £2,500 to £298,000 in 2014/15 and from £3,300 to £189,100 in 2013/14.
- 5.26 The majority of parks recording a loss in 2014/15 (87.5 per cent, n=7) were micro or small parks which is similar to 2013/14 (86 per cent, n=6). Micro and small parks represent 83 per cent (73 parks) of the sector.

Pitch Fees

- 5.27 Of the parks responding to the survey, 97 per cent (n=29) reported that they review pitch fees on an annual basis, whilst a further three percent (n=1) reported that pitch fees are reviewed once every four years or more. Following the last review, 57 per cent (n=17) increased pitch fees, 17 per cent (n=5) decreased their fees and 27 per cent (n=8) left theirs unchanged. The average increase in pitch fees was 1.2 per cent and the reasons given for increasing pitch fees were: Inflation (86 per cent, n=12); Maintenance (36 per cent, n=5); Upgrade of facilities (36 per cent, n=5); and to cover the increased cost of a license fee (4 per cent, n=1). The average decrease in pitch fees was 0.1 per cent and the sole reason given for decreasing pitch fees was deflation, which 80 per cent (n=4) of those operators decreasing pitch fees

²⁰ The median has been reported, rather than the mean due to outliers in the data.

stated was a result of changing the measure to CPI instead of RPI. The average percentage change in pitch fees by pitch size can be found in Annex G.

Commission on the sale of new homes

- 5.28 When asked to identify the percentage that the park usually applies in commission on the sale of a home, 97 per cent (n=29) of respondents reported that 10 per cent is charged and the remaining three per cent (n=1) stated that a commission rate between six and nine per cent was applied. As identified in paragraph 4.13, income from commission on the sale of private homes accounted for 10 per cent of total income in 2013/14 and eight per cent of total income in 2014/15.

Re-assignments

- 5.29 Respondents were asked to provide the typical length of tenure on their site – the overall average was 24 years. Respondents were also asked how many re-assignments the park had in the last five years and it was found that, on average, seven re-assignments took place in the last five years. The most commonly cited reasons for re-assignments were:
- due to the death of the homeowner
 - people moving for health reasons and
 - a change of family circumstances (e.g. divorce, death of spouse/partner, moving to be closer to family).
- 5.30 The overall average age of unit for the last three re-assignments was 18.8 years with an average sale price of approximately £67,000. The average length of tenure of the previous homeowner was relatively short at just 8.6 years. Further details of the last three re-assignments of respondents are included in Annex G.

Financial Impact of the Mobile Homes (Wales) Act 2013

- 5.31 Fifteen of the 18 operators interviewed on site visits reported the impact of the Mobile Homes (Wales) Act 2013 to be largely negative on their businesses and felt that the changes introduced by the Act had weakened the industry.
- 5.32 Park operators responding to the online survey were asked to rate the financial impact of various aspects of the Mobile Homes (Wales) Act 2013. The fact that pitch fees can now only be increased in line with the CPI was identified as having the most significant impact, with 53 per cent of operators (n=16) stating that it has had a

large impact on them financially and a further 40 per cent (n=12) reporting some impact. This impact was uniform across all sizes of park.

- 5.33 Having to pay to be licensed had more of a financial impact on the micro parks (80 per cent reporting some or large impact) than on the larger parks (50 per cent indicating little to no impact).
- 5.34 Losing the ability to approve the purchaser of a park home when a resident is selling had a large or some impact across 83 per cent of all parks (n=25). This impact was common across parks all of size.
- 5.35 Sixty-nine per cent of parks (n=20) reported that the introduction of fixed penalty notices has had no financial impact on their business with a further 14 per cent (n=4) stating that fixed penalty notices have had little financial impact. This impact was uniform across all sizes of parks.
- 5.36 Key issues highlighted in the site visits included:
- Pitch Fees – There was significant criticism for the decision to base pitch fee reviews on the Consumer Price Index. Many of the Park Home Operators understood the motives for the change, specifically in relation to pensions. However, all of the operators (18 of the 18) stated that the pitch fees collected were used to pay for mortgages and loans that they had on the park. Changes in interest rates meant that some owners were left in a situation where their repayment costs were no longer covered by the pitch fees. In particular, because of the negative CPI in the UK in 2015 there was a significant chance that pitch fees could actually decrease. The operators were unanimous in their call for the pitch fee to be reviewed so that it could be changed in line with the RPI. This would bring the legislation into line with England.
 - Licensing – Many of the park operators (11 of the 18) welcomed the licensing of the sites as a mechanism to combat the rogue park owners who had abused the system. However, they highlighted that the time limit of five years for a license makes it particularly difficult if the operator tried to sell the park, as there is no guarantee that the business would be granted another license going forward.
 - Increase in Administration – Given the changes in the legislation the operators are no longer permitted to be involved in the sale of second hand park homes. Given this, park operators stated that costs involved for residents have increased in

estate agent and solicitors fees. In addition to this, the paperwork required in relation to park issues such as pitch fees has been increased.

6 RESIDENTS – SURVEY AND GROUP DISCUSSION FINDINGS

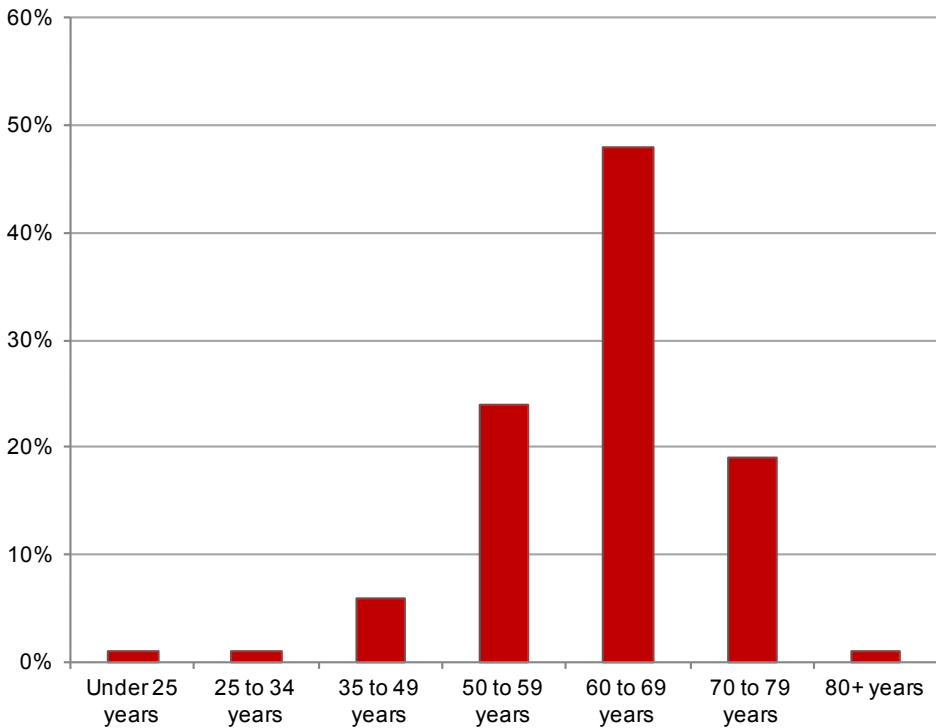
Introduction

6.1 This section presents the findings of the resident survey and is supplemented with qualitative evidence obtained in group discussion with residents during site visits. A total of 587 survey responses were obtained and group discussions were held with 122 residents at 14 different sites.

Profile of Residents

6.2 In terms of household composition, the majority (60 per cent) of respondents are in a couple with no children under the age of 16 and 33 per cent are living alone as a one adult household with no children. Respondents' ages range from 34 to 93, with a mean age of 71. Their partners' ages (where applicable) range from 21 to 88, with a mean age of 66. Ninety-two per cent were aged 50 or over when first moving to their current park as shown in Figure 6.1.

Figure 6:1: Age when moving to the park



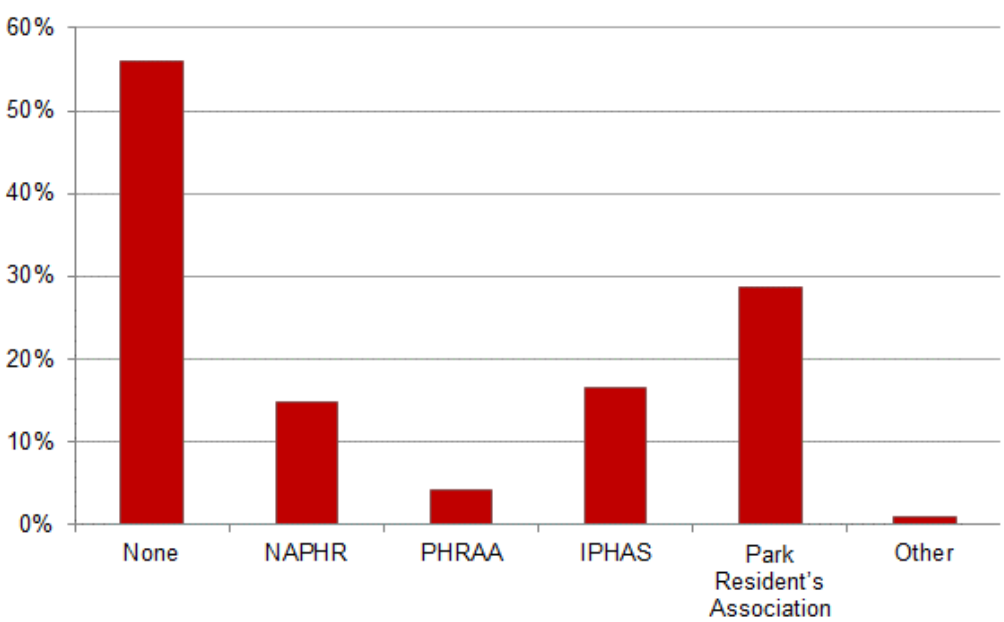
Base: 561

6.3 The vast majority of residents are fully retired (83 per cent). Small proportions are in work (seven per cent full-time, four per cent part-time, one per cent casual or irregular work e.g. freelance work or zero hours contract), three per cent cannot work due to illness/disability and one per cent are unemployed and looking for work. The economic status of residents’ partners (where applicable) is very similar with 80 per cent fully retired, four per cent in full-time work, seven per cent in part-time work, two per cent in casual or irregular work, five per cent cannot work due to illness/disability and one per cent are unemployed and looking for work. Therefore, due to the majority of residents being economically inactive, their household income tends to be modest.

Park Home Living

6.4 Residents were asked if they are a member of a representative group. As illustrated in Figure 6.2, the majority (56 per cent) do not belong to any representative group. Twenty-nine per cent of respondents indicated that they are members of their parks Resident’s Association, 16 per cent are members of IPHAS and 15 per cent belong to the NAPHR. Note that a number of respondents “skipped” this question in the survey.

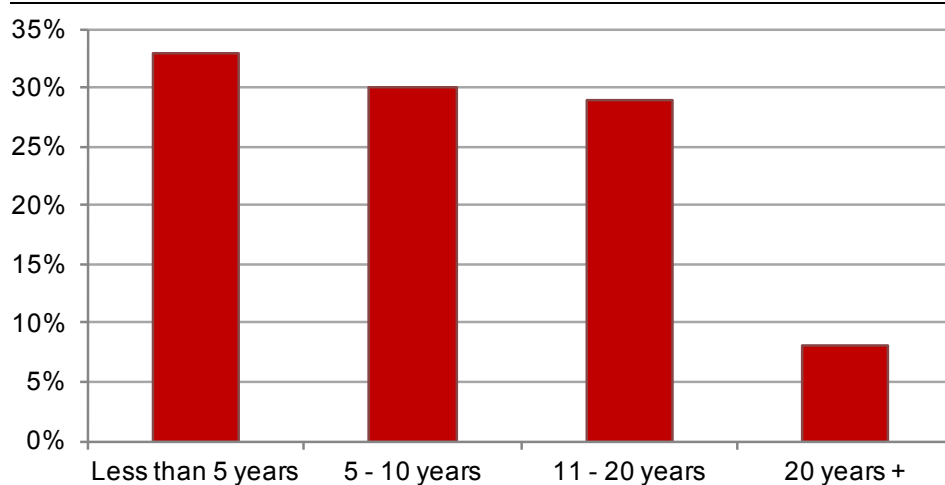
Figure 6:2: Membership of Representative Groups



Base: 457

- 6.5 Residents were asked how long they had lived in their current park home. As illustrated in Figure 6.3, one third (33 per cent) had lived in their current home for five years or less, 30 per cent had lived there between six and 10 years, and 29 per cent for between 11 and 20 years. The remaining eight per cent had lived there for more than 20 years.
- 6.6 Similarly, the majority of residents who attended group discussions (i.e. approx. 80) had lived on the parks for over 10 years. The remaining residents had lived on the park for a shorter period of time but indicated their intention to remain on the park for the foreseeable future.

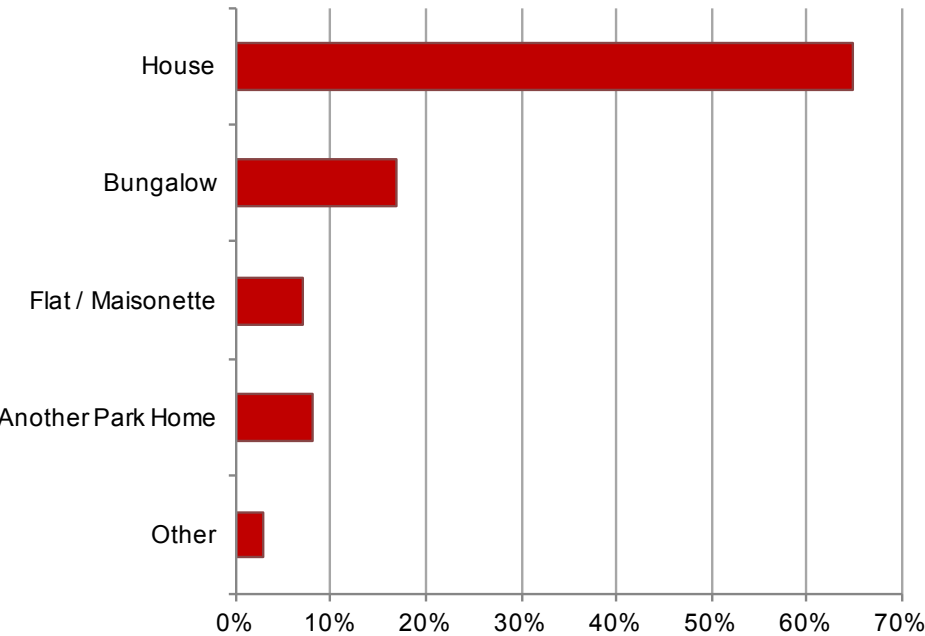
Figure 6:3: Length of Time Living in Current Home



Base: 582

- 6.7 As illustrated in Figure 6.4, prior to moving to their current park home, the largest proportion of survey respondents (65 per cent) had lived in a house, 17 per cent in a bungalow and seven per cent in a flat/maisonette. Eight per cent of respondents had lived in another park home.

Figure 6:4: Previous Accommodation



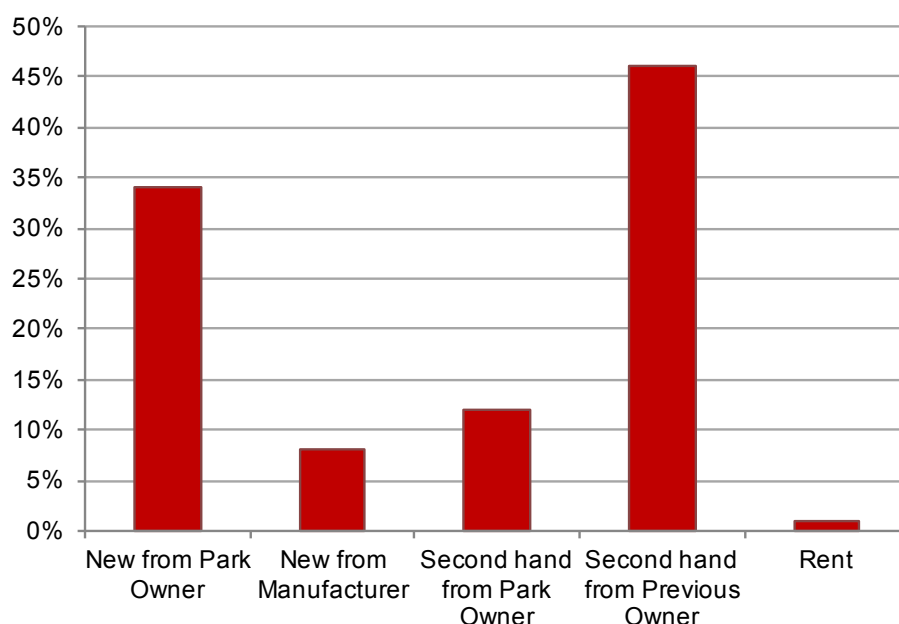
Base: 580

- 6.8 In terms of tenure of their previous home, 58 per cent of respondents owned it outright, 27 per cent owned the property with a mortgage, 10 per cent rented (either privately or from the Local Authority/Housing Association), and two per cent had accommodation tied to their employment.

- 6.9 Just over half (52 per cent) of respondents had previously lived within 50 miles of their current home, 15 per cent lived between 50 and 100 miles away and 31 per cent had lived more than 100 miles away. Three per cent of respondents had previously lived overseas.

- 6.10 As identified in Figure 6.5, when purchasing their current park home, 46 per cent bought it second hand from the previous owner, 34 per cent bought it new from the park operator, 13 per cent bought second hand from park operator and eight per cent bought new from the manufacturer.

Figure 6:5: Source of Current Park Home



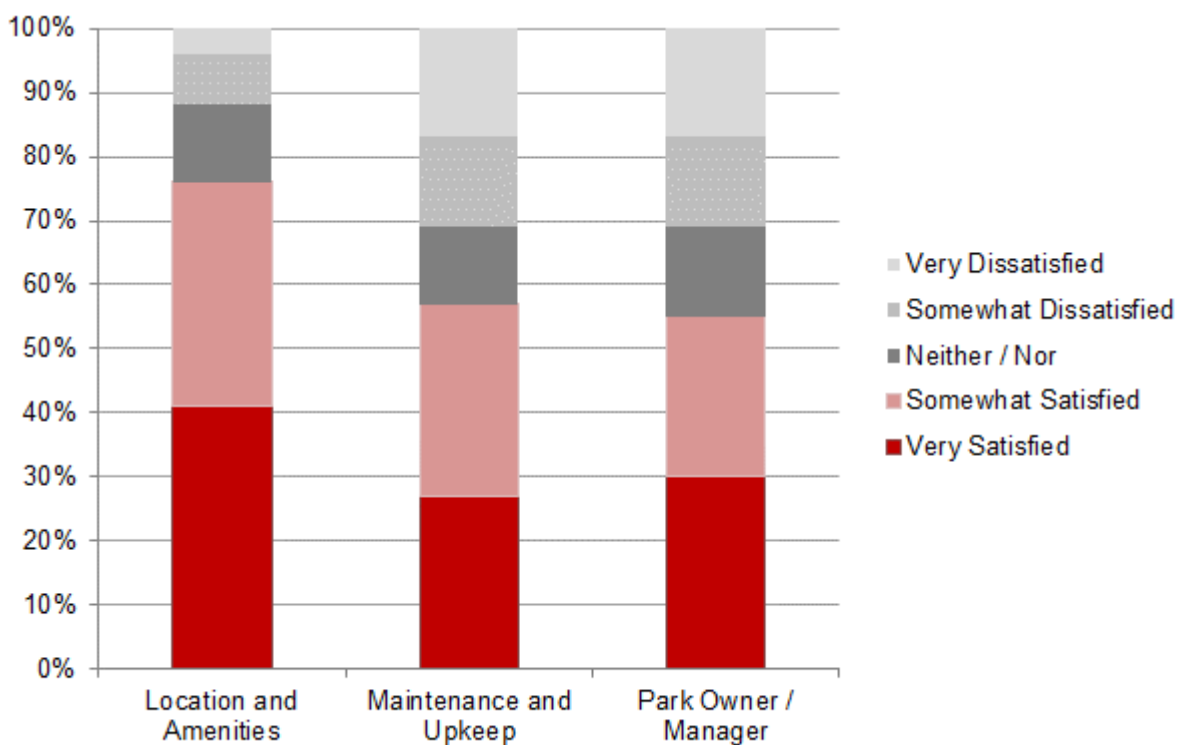
Base: 569

- 6.11 Residents were asked to choose their three main reasons for choosing to move to a park home. The most commonly cited reason was due to the feel/quietness/security of a park (54 per cent), followed by wanting a smaller/more compact home (39 per cent) and cheaper/easier maintenance (37 per cent). For further details, please see Annex H.
- 6.12 Residents attending the group discussions highlighted that they decided to move to a park home in order to:
- Downsize from a larger home
 - Move to a rural or coastal setting
 - Avail of a lower purchase cost than a typical home.
- 6.13 When deciding which park to live in, respondents attending group discussions considered the following key features:
- Location (proximity to larger towns / doctor's surgery / shops / post office / family members)
 - Quality of Park (quality of the pitches including access to utilities such as gas / electric / TV / Broadband etc.)
 - Reviews and experiences of other residents.

Resident Satisfaction Levels

- 6.14 Residents responding to the postal survey were asked to rate their levels of satisfaction with the Park's location and its amenities, maintenance and upkeep of the park, and the park operator / owner/ manager. As illustrated in Figure 6.6, 76 per cent of respondents indicated that they were either satisfied or very satisfied with their park's location and amenities. This was echoed within group discussions, where the vast majority of residents stated that they were happy with their parks facilities.
- 6.15 Of those who indicated that improvements could be made, they included: more care to communal areas such as roads / driveways, grass and hedges and flower beds.

Figure 6:6: Resident Satisfaction with aspects of Park Home Living



Base: 580

- 6.16 The survey found that 57 per cent of respondents were either satisfied or very satisfied with the maintenance and upkeep of the park, however 31 per cent reported being either dissatisfied or very dissatisfied with this.

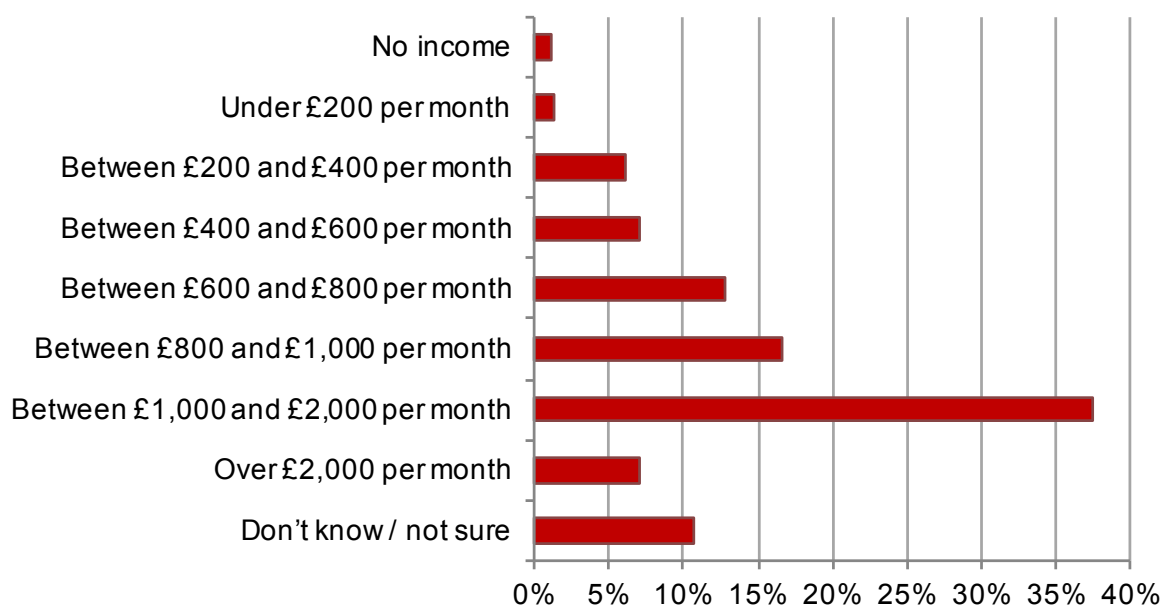
- 6.17 Just over half of respondents (56 per cent) highlighted that they were satisfied or very satisfied with their Park Operator, but almost a third of respondents (31 per cent) were either dissatisfied or very dissatisfied²¹.
- 6.18 Residents were asked if, and when, they intend to move away from their current park. The largest proportion (65 per cent) stated that they do not intend to move in their lifetime, while eight per cent intend to stay for 10 years or longer. Thirteen per cent reported that they intend to move within the next two years, seven per cent in the next three to five years and eight per cent in the next five to 10 years.
- 6.19 The vast majority of park home residents attending group discussions also stated that they intended to remain in their park and would not consider moving. For those who would have considered moving their reasons were varied but included:
- Changes in circumstances – e.g. changes in health care needs, lack of independence, no longer viable for them to live alone
 - Moving to alternative accommodation – e.g. care homes or moving in with family and
 - Unresolved disputes with residents or operators – e.g. moving as there seems to be no solution to a dispute they are having with a resident or operator.
- 6.20 Of those who stated that they would like to move away, the majority indicated that they would seek accommodation on another park home site or through Local Authority housing. A minority (circa five) indicated that they wished to buy a new ‘bricks and mortar’ home.

Household Income

- 6.21 Residents were asked to indicate the range in which their monthly total household income (after tax) falls. Please note that this is based on 523 responses as 64 respondents did not answer this question.
- 6.22 The largest proportion (37 per cent) have an income of between £1,000 and £2,000 per month, 29 per cent have between £600 and £1,000 per month (reflecting the combination of two categories) and 16 per cent have less than £600 per month (reflecting the combination of three categories).

Figure 6:7: Household Income

²¹ These results reflect responses to Q10-Q12 of the survey questionnaire, which were closed questions. Therefore, specific reasons for residents’ dissatisfaction were not provided.

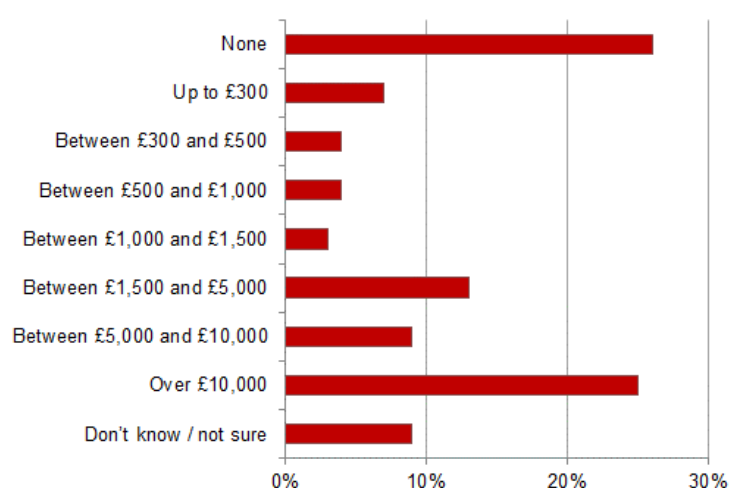


Base: 523

6.23 Residents were also asked to indicate the range into which their total household savings and investments falls – their responses are shown in Figure 6.8. Please note, a significant number (81) of individuals chose not to answer this question).

6.24 Just over one quarter (26 per cent) of respondents reported that they have no savings, while 25 per cent have more than £10,000 and 40 per cent fell in-between these categories. Nine per cent reported that they were unsure of the level of their household savings.

Figure 6:8: Level of Savings and Investments



Base: 506

6.25 Residents were also asked to identify how much they add to their savings each year. The largest proportion (28 per cent) stated that they are drawing on their

savings and they are declining, while 24 per cent reported that their savings are not increasing. Just 14 per cent of respondents reported adding to their savings each year whilst a further 17 per cent only save for things they wish to purchase that same year. For further details see Annex H.

Figure 6:9: Additions to Savings Each Year



Base: 517

Home buying loans

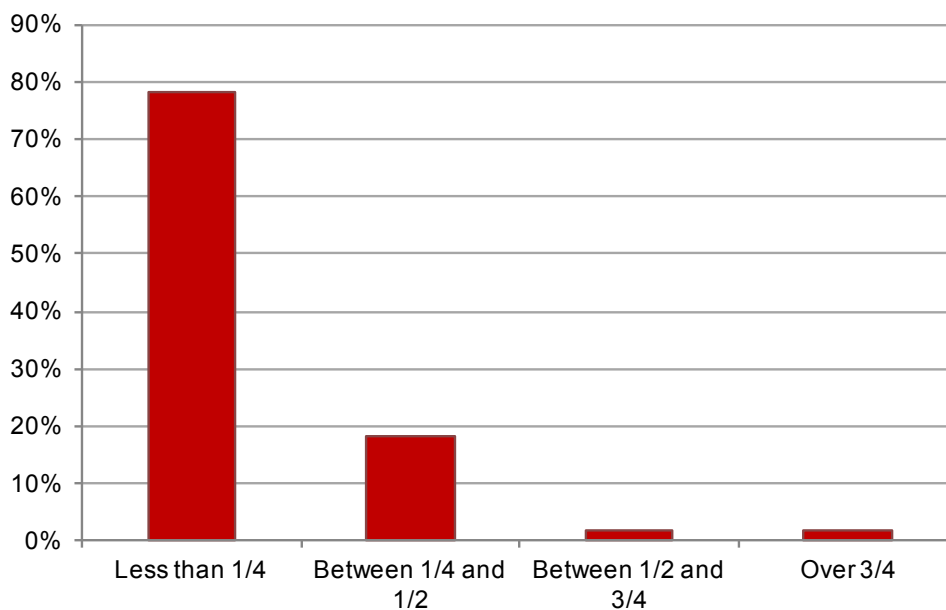
- 6.26 Just three per cent (17 individuals) of residents responding to the survey stated that they rent their park home. The remaining 97 per cent of respondents own their park home (either outright or with a mortgage/loan).
- 6.27 Of those who own their park home, six per cent took out a loan to assist with the purchase. Most (73 per cent) of these residents have already paid of this loan in full, three per cent have less than one year remaining, 21 per cent have less than 10 years remaining and three per cent have more than 10 years. The monthly cost of repaying the loan ranges from £200 - £748, with a mean of £393 per month. Further details, including the share of the purchase cost covered by these loans, can be found in Annex H.

Pitch Fees

- 6.28 Residents were asked to state how much they pay per month to their operator for pitch fees. This ranged from £85 to £500 per month, depending on the park. The mean monthly pitch fees reported by respondents was £143 per month. The proportion of monthly income spent on pitch fees is shown in Figure 6.10,

highlighting that the majority of respondents (78 per cent) spend less than a quarter of their monthly income on pitch fees.

Figure 6:10: Proportion of monthly income spent on pitch fees



Base: 476

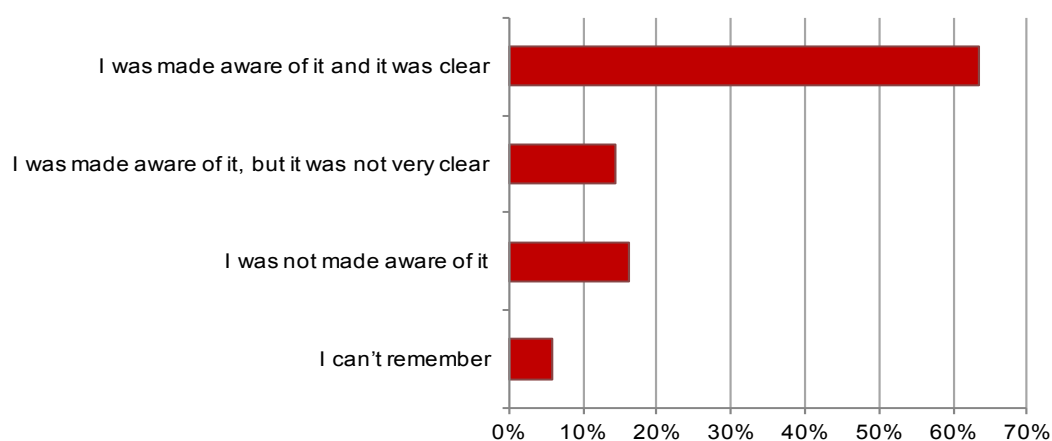
- 6.29 Residents were asked how often their park operator reviews their pitch fees. The largest proportion (89 per cent) stated that pitch fees were reviewed once per year. A total of four per cent of respondents stated that pitch fees were reviewed irregularly while seven per cent were not sure how often they were reviewed.
- 6.30 When asked if they thought the last change in pitch fees was reasonable, 63 per cent believed it was, 19 per cent thought the rise was unreasonable and 18 per cent were not sure. Residents pointed to the change to CPI-related pitch fee reviews which in some cases contributed to a decrease or a small increase in pitch fees, which the majority of residents were satisfied with.
- 6.31 Residents were also asked if it was made clear to them that pitch fees could be reviewed and increased on an annual basis when they moved onto the park. Nearly two thirds (65 per cent) stated that they were made aware of this and it was clear to them, while 11 per cent stated that they were made aware of it but it was *not* very clear to them e.g. residents were told that pitch fees would be reviewed annually but not told by how much or how often this would occur. A further 14 per cent stated that they were not made aware this fact and nine per cent could not remember.

- 6.32 The vast majority of the residents attending the focus groups (circa 100) indicated that they had been told about the pitch fee review process when they moved in, however in many cases a review was not undertaken on an annual basis until recently.
- 6.33 A large proportion of these residents (circa 70) indicated that their pitch fees had not changed in the last year and that they were content with this. The remaining residents reported that their pitch fee had increased. The increase varied but ranged from seven pence to £1.68 across the various parks. Most of the residents interviewed understood the reasons for the increases and supported the operators in setting the increase. A small number of the residents (circa 10-15) indicated that they did not have clarity on the need for the raise in fees.

Commission Rates

- 6.34 Residents participating in the survey were asked if it was made clear to them that commission could be charged if they sold their park home when they first moved to the park. 63 per cent stated that they were made aware of this and it was clear to them, while 14 per cent stated that they were made aware of it but it was *not* very clear to them. A further 16 per cent stated that they were not made aware this, and six per cent could not remember.

Figure 6:11: Residents' Knowledge of Commission Rate

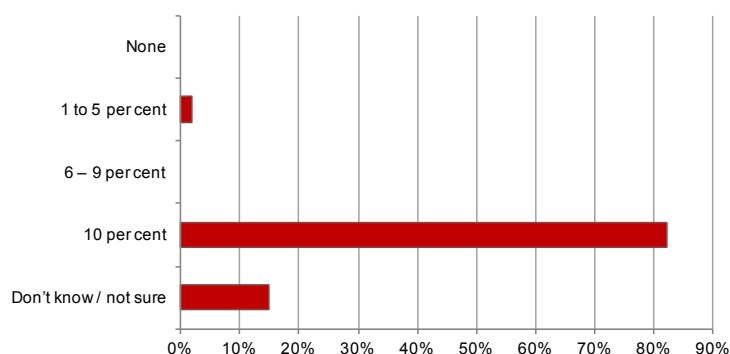


Base: 545

- 6.35 Nearly all of the residents attending the focus groups (circa 115) understood that a commission rate of 10 per cent could be charged if they decided to sell their home. There was a lack of awareness regarding the reasons for the 10 per cent commission and, due to a lack of transparency/awareness over the charge, there was a degree of animosity towards the park operators for taking the 10 per cent.

6.36 Survey respondents were asked how much their park operator usually takes in commission on the sale of a home on the park. The significant majority of respondents (83 per cent) indicated that the park operator takes 10 per cent, with only two per cent of residents reporting that their park operator takes between one and five per cent. Sixteen per cent of respondents were not aware of a commission rate being charged which corresponds to the 15 per cent of respondents who reported they were unsure of the level of commission which their park operator would charge.

Figure 6:12: Commission rate taken by park operator on the sale of a home on the park



Base: 503

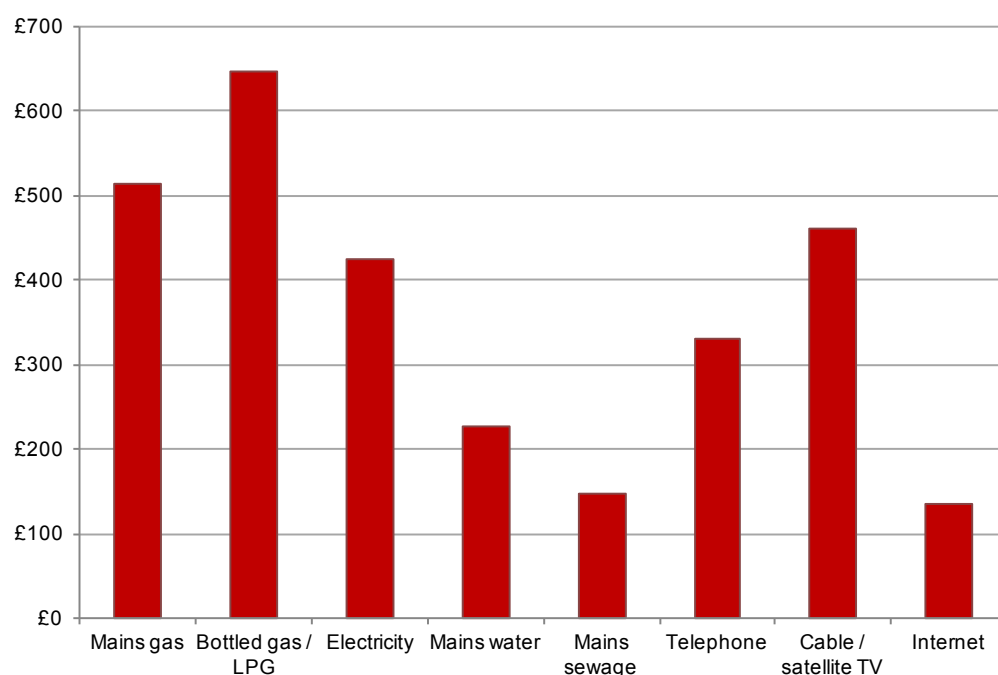
6.37 Residents were asked who they would prefer to sell their home to, if they were selling. The vast majority (86 per cent) reported that they would sell directly to a new resident and seven per cent would sell to the park operator. The remaining nine per cent stated that they would sell through another avenue, predominately through an estate agent. Seven-two per cent of respondents thought they would get a better price for their park home if they sold to a new resident and 24 per cent thought it would sell quicker this way.

Park Services

6.38 Residents were asked to estimate their monthly or annual expenditure on each of the services / utilities they use, and whether the cost is included in their pitch fees. High proportions of residents access electricity, mains water and mains sewage directly from the park operator (72 per cent, 73 per cent and 72 per cent respectively).

6.39 As shown in Figure 6.13, the highest annual expenditure is on gas (both mains and bottled gas). Mains water and sewage are the most likely to be included in the pitch fees. Further details are available in Annex H.

Figure 6:13: Main Costs to Residents



Base: 519

- 6.40 The large majority of residents interviewed on site visits (circa 80-90) indicated that there was complete transparency in relation to utility costs on the park and that they either received bills directly or paid for utilities via the park operator. This feedback contradicts the views expressed by the resident group campaigning against the Commission rate, who highlighted a lack of transparency in this area.

Residents Financial Standing

- 6.41 As identified previously, 37 per cent of respondents reported they earn between £1,000 and £2,000 per month, 16 per cent earn less than £600 per month and only 7 per cent earn more than £2,000 per month. The expenses identified in Figure 6.13 indicate that households could expect expenditure of between £333 and £352 per month on services / utilities which is not including pitch fees (which were identified as £143 per month on average). Based on this information, residents would be sensitive to any change in their monthly expenditure due to the limited nature of their income.
- 6.42 For example, if a household earns £1,000 per month and has park related costs of £476 per month (£333 in services plus £143 in pitch fees), the remaining income equates to c£524 per month. This income will be used for necessities such as food and transport, leaving only a modest amount of disposable income to spend on non-essential items or to contribute to savings.

7 FINDINGS FROM STAKEHOLDER INTERVIEWS

Introduction

7.1 A number of interviews were conducted with stakeholders representing the views of residents, operators and Local authorities, including:

- British Holiday and Home Parks Association (BHHPA)
- National Caravan Council (NCC)
- National Association of Park Home Residents
- Independent Park Home Advisory Service
- Carmarthenshire Council
- Vale of Glamorgan Council
- Powys Council
- Torfaen Council.

7.2 More detail on each organisation can be found in Annex A.

7.3 The following provides a summary of key issues highlighted. The views expressed generally reinforce the findings on the resident and operator survey, however some opinions are not evidenced by the survey findings.

Resident and Operator Profiles

7.4 Stakeholders representing the operators' perspective and stakeholders representing the residents' perspective highlighted the following as being key characteristics of park residents, based on their experience:

- Usually aged over 55
- Are, or have been married couples, who have retired to the site.
- Have purchased the property usually from the proceeds of the sale of their existing property.
- Have been attracted to the site by a variety of factors, including:
 - Ability to purchase a single tier property at a reasonable price
 - The attractiveness and perceived safety of the site and
 - Living with likeminded individuals, close to their former home.
- On fixed, but modest incomes, living on pensions.
- Since the introduction of the 1983 Act, there has been a gradual increase in the age profile of residents on sites.

- Residents are increasingly living in older, but more expensive park homes, which also have a longer lifespan.

7.5 Resident, operator and local authority representatives highlighted that based on their experience of the sector:

- The scale and nature of operators within the sector is diverse. A large number of operators could be described as 'lifestyle entrepreneurs' whilst others operate as professional concerns (with a small number (two to three) being owners of multiple parks).
- Parks range in scale from 'micro', with fewer than 10 park homes to a small number of very large parks with several hundred residents. However, the average figure is approximately 70 homes per park.
- Most Park Homes are focused exclusively on the provision of permanent accommodation and this is their sole funding source.
- Larger and older parks tend to also have a Park Manager (as well as a Park Owner in place), who is responsible for the day to day running of the site. The frequency of sites having Park Managers is anticipated to increase as a result of the 2013 Act and the compulsory registering of parks and the assessment of the fitness of purpose of Park Owners/Managers.

Context of the Sector

7.6 Operator representatives highlighted that demand for park home accommodation is closely linked to the wider housing market, with higher house prices and lower levels of affordability likely to increase demand for park home accommodation. It was also noted that the Welsh housing market hasn't performed well since 2008 (as identified in Figure 4.2). It was suggested that this has led to suppressed demand for park home accommodation over recent years.

7.7 Operator representatives estimated that pitch fee income accounts for approximately 80 per cent of site income, with residents paying approximately £150 per month (corresponding with the findings of the resident and operator surveys). The pitch fee is expected to cover:

- street lighting
- electrical distribution system
- inspection and certification of the electrical distribution system

- underground services (water and sewage) which have required lengths of sewage pipework to be replaced at considerable cost including restitution works where these pipes passed under private driveways
- a water treatment and pumping plant with chemical treatment and inspection costs
- UV treatment costs (water is supplied from a borehole)
- costs of testing by the Local Authority
- maintenance of road surfaces and paths
- maintenance of 'green areas' and
- having to respond to all emergencies on a 24 hour basis and need on call staff.

Perceived Resident Satisfaction

- 7.8 The group of resident's campaigning against the Commission rate highlighted a number of issues to explain their dissatisfaction with their Park Operators. Examples provided by the campaign group related to: poor site maintenance; lack of supplied facilities; questionable practice by managers and site owners; and in the opinion of the group, the imposition of 'petty' site owners' rules and regulations. In the resident survey, 31 per cent of respondents highlighted that they were either dissatisfied or very dissatisfied with their park operator.
- 7.9 In terms of key issues facing the sector, it was recognised by all stakeholders that the 2013 Act had strengthened the relative bargaining power of residents, particularly in relation to the purchase and sale of park homes. The 2013 Act had also clarified the process of determining pitch fees.
- 7.10 Local Authority representatives highlighted that park residents regularly identify a number of ongoing issues relating to:
- The use of the Residency Agreement as a means of controlling demand/access to the Park e.g. restrictions such as age, park use and maintenance/upgrade of park homes are perceived as negatively impacting on the resale value of their property
 - Undue influence of operators in the disposal/resale of property. Local Authorities report that some residents believe that park owners still have the ability to exert pressure on residents during the disposal/resale of their properties.

Commission Rate

- 7.11 The Commission Rate was viewed by operators as being a form of deferred pitch fee, with most if not all operator representatives indicating that operators prefer to

charge a lower upfront pitch fee with the opportunity to regain the shortfall on the disposal of the property.

- 7.12 The resident group campaigning against the commission rate argued that income from the commission rate was not predictable and that park owners are unlikely to be able to rely on this for the profitability of the park, as they cannot foresee how many homes they are going to sell. Consequently, the campaign group felt the commission rate's importance to the viability of park operation is overstated. However, the operator representatives disagree with this viewpoint, stating that based on previous trading experience, park operators are able to forecast average sales and develop their financial projections to include this income stream.
- 7.13 The group of residents campaigning against the Commission rate highlighted that the commission rate has changed from 25 per cent on caravans in the 1960s and has been reduced c. three times since, and to the best of the group's knowledge, has never resulted in any increase in pitch fees²².
- 7.14 The general consensus amongst the group of residents campaigning against the Commission rate was that new residents were not made aware of the 10 per cent commission rate when signing their contract to purchase a park home and that some are still not aware of it. However, it was highlighted in the resident survey that 77 per cent of residents were made aware of the Commission rate when purchasing their park home. It was also highlighted by the group that it is the last thing a purchaser is thinking of when buying a park home.
- 7.15 Unlike Park Operators, the group of residents campaigning against the Commission rate did not perceive the Commission Rate to be a deferred pitch fee, rather they viewed it as an additional fee which had arisen out of the 1983 Act. Prior to that time, group of residents campaigning against the Commission rate believe that Commission Rates were not routinely used, rather Park Operators utilised other costs related to purchase of new builds and installation (including transportation onto site and link up to main utilities) to cover their capital expenditure. The group of residents campaigning against the Commission rate maintains that these revenue sources are still available to the Park Home Operator, however, these sources were not specified by park operators or representative bodies. They estimated that this

²² The research was unable to find any evidence to support or repudiate this assertion. .

may account for approximately 30-40 per cent of the cost of a new home, which now averages £120k.

- 7.16 The same resident's group also perceived issues relating to the transparency of utility and other charges, claiming operators of some parks were unwilling to provide a breakdown of charges and, in some cases where there was a change in operator, it was claimed that there has been an introduction of what were perceived as additional charges. However, residents interviewed during site visits reported that there was usually complete transparency in relation to utility costs and during the resident survey, respondents were able to provide a breakdown of their monthly costs per item.

Impact of the 2013 Act

- 7.17 Industry representatives noted that the 2013 Act had placed a heavier administrative and financial burden on the sector in Wales, than other regions. The following challenges were noted (similar issues were raised through the operator survey and during interviews with operators on site visits):
- New criteria for pitch fee reviews with a mandatory procedure and documentation. Failure to meet the requirements may mean the park will not benefit from the pitch fee review. In addition, the Park Home Operator cannot redeem any of the costs associated with implementing the 2013 Act, including:
 - Costs related to licencing site
 - Ensuring compliance with new Licence (in particular enhanced staffing) and
 - No increase in pitch fee above the Consumer Price Index as opposed to the Retail Price Index in the rest of the UK.
 - Reduced opportunities to purchase older homes and redevelop them. Since the 2013 Act was implemented, park home owners have increasingly sought to sell their properties to third parties, who are buying an increasingly older stock of properties. In the past, Park Operators would have purchased these properties and either redeveloped them or replaced them with a new property. Consequently, there are felt to have been three impacts on Parks and their Operators:
 - A failure to invest in new properties
 - Decreased turnover from the sale of new properties for Park Operators and
 - Because of the first two impacts, there is perceived by Operators to be an increased problem of asset payback, as in the Operators' opinion, lenders

are increasingly reticent to invest in parks which have a falling asset value and have a decreased turnover (which it was claimed is due to the loss of the valuable new property market).

- 7.18 Consequently there is a perception amongst operator representatives that there is little incentive to invest in parks, a situation which would be further compounded by the loss of the Commission Rate funding stream.
- 7.19 Industry representatives also suggested that due to the lack of scale associated with the majority of park home sites in Wales, combined with stagnant levels of demand/income and increasing costs, a significant number of operators have generated low profit margins and in some cases are operating deficits. This corroborates with the financial information provided by park operators in response to the online survey.

8 APPRAISAL OF COMMISSION OPTIONS

Introduction

- 8.1 A key element of this research is to consider the impact of variations in the level of remuneration via the commission rate and pitch fees.
- 8.2 A series of options were developed for potential reform of the transactions between residents and operators. The testing of these options include the impacts of possible abolition of the commission rate and reductions from 10 per cent at 2.5 per cent intervals. In addition to the charge-related options, the benefits of introducing non-charge options are discussed.
- 8.3 Utilising the results of our primary research, this section presents the economic and social context in which a change in commission rate and pitch fees might take place, and then assesses the impact of a range of variations.
- 8.4 To calculate the impact of reducing or removing the commission rate, financial information provided by park operators as part of the operator survey was analysed. In total, 22 park operators provided financial data. The average revenues generated from pitch fees and commissions per pitch were calculated by park size and these figures were used to calculate the decrease in commission revenue. This is the same methodology employed in the 2002 report. As only two park operators provided data from micro parks and the limited number of pitches in those parks, this data was analysed along with the small parks data.
- 8.5 Thirty-six per cent of parks (n=8) incurred deficits in 2013/14 and 2014/15. Eighteen per cent of parks (n=4) recorded a surplus of less than 30 per cent of their income whilst the remaining 45 per cent (n=10) provided data which indicated a surplus of more than 30 per cent of their income. The average surplus made by parks was £40,400.

Socio-Economic Context

- 8.6 By way of reminder, previous sections of this report highlighted that:
- Residents are on fixed incomes (16 per cent of survey respondents earn less than £600 and only seven per cent of which is above £2,000 per month).
 - Residents responding to the survey pay on average between £333 and £352 per month in household bills in addition to their pitch fees.

- Twenty-six per cent of survey respondents have no savings and the majority of residents (52 per cent) state their savings are either decreasing or staying the same.

8.7 Our operator survey highlights that:

- Thirty-six per cent of respondents recorded a loss in 2014/15 and 32 per cent recorded a loss in 2013/14.
- Of those report an operating surplus, the average surplus recorded in 2014/15 was £40,400.
- Revenue raised through commission fees accounted for eight - 10 per cent of all revenue in an average park²³. This is broadly consistent with 2002 ODPM research that identified that income from commission represented approximately seven percent of total income.

Suggested Options for Reform

8.8 The options explored for reforming the economic transactions are outlined below and discussed in greater detail throughout this chapter. These options were assessed in the 2002 ODPM report and remain relevant for consideration within this report:

- Removal of the commission rate.
- A reduction of the commission rate to 2.5 per cent;
- A reduction of the commission rate to five per cent;
- A reduction of the commission rate to 7.5 per cent; and
- Deferring the commission rate until the point of sale on a sliding rate

Reduced Level of Commission

8.9 As outlined above, there are numerous options for reducing the commission rate. These options could potentially benefit existing residents, as they would receive a higher price when selling their homes, assuming that the buyer's willingness to pay does not change.

8.10 However, given the limited level of profitability experienced within the park homes sector, if the commission rate was to be lowered, operators are likely to seek an

²³ This is based on the financial data provided by park operators. In total, 14 of the 22 respondents providing data indicated that a portion of their revenue was generated via commission fees.

increase in another source of income to off-set the loss. The most likely source of increase being pitch fees.

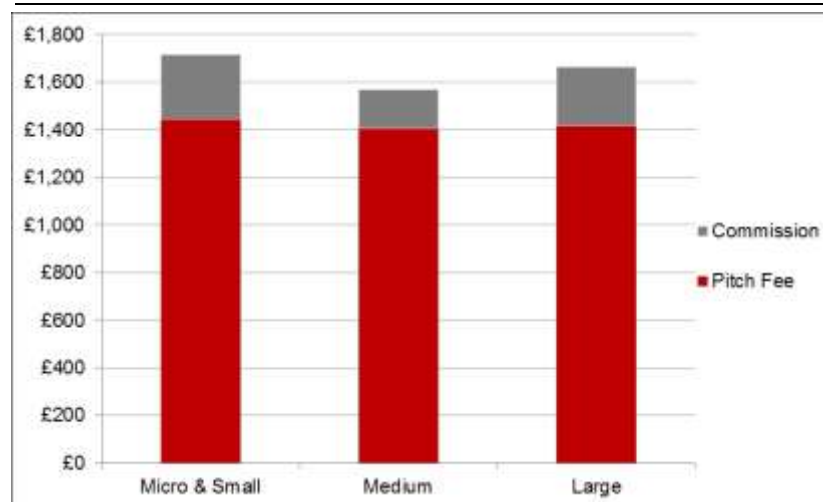
8.11 Any change pitch fees would require a change in contract with existing residents and currently, pitch fees can only be increased in line with the Consumer Prices Index. Provisions within the Mobile Homes (Wales) Act 2013 may allow for this to be revisited on the basis of changes to operator costs resulting from an enactment which has come into force²⁴ Alternatively, future amendments to the Act may be required.

8.12

Removal of the Commission Rate

8.13 Based on the findings of our operator survey (caveats and limitations detailed in Section 3 apply), Figure 8.1 illustrates the current situation where the commission rate is 10 per cent. The graph shows the income per pitch derived from pitch fees and commission by the size of park. Due to the limited amount of financial data provided by 'micro' parks, their information has been included in the 'small' park category for the entirety of this section.

Figure 8.1: Source of Income per Pitch (Commission Rate at 10 per cent)



Base: 22

8.14 Removal of the commission rate without offsetting the loss through an increase in another source of income would result in a loss of approximately:

- Sixteen per cent of revenue in small parks (£276 per pitch).
- Ten per cent of revenue in medium parks (£162 per pitch).

²⁴ (refer to http://www.legislation.gov.uk/anaw/2013/6/pdfs/anaw_20130006_en.pdf Page 50, Paragraph 18.1(d) para 1).

- Fifteen per cent of revenue in large parks (£245 per pitch).

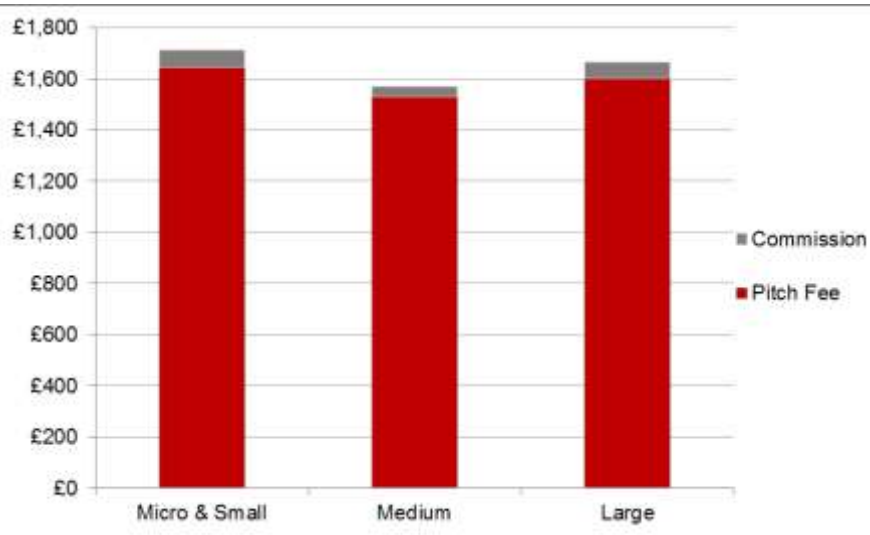
- 8.15 Given the identified lack of profitability among a large proportion of parks, decreases of this magnitude are likely to have a significant impact on their financial viability and sustainability.
- 8.16 Based on the results of the operator survey, the above reductions would move six parks (27 per cent of respondents) generating surpluses to being within £10,000 of a break-even position. This is in addition to another eight parks (36 per cent) whose deficit would deteriorate further, assuming all other income and expenditure remain constant.
- 8.17 Financial information provided by park operators indicates that the average annual pitch fee was £1,334 and the revenue received from commission per pitch was £231 p.a., which equates to £9,240 per annum in commission revenue in a park with 40 pitches. This indicates that c. 86 per cent of non-sales income was made up of pitch fees. In order to offset losses in the event of the commission rate being abolished, pitch fees would need to increase by an average of 25 per cent to offset this loss in income.
- 8.18 If pitch fees were to be increased to offset this change, the pitch fees would increase to the point where they are equal to the previous income i.e. if the income per pitch was previously £1,200 per year in pitch fees and £300 per year in commission, the new pitch fee would be £1,500 per year.
- 8.19 The removal of the commission fee would enable a resident to receive a higher price for the park home, however, if its removal results in higher pitch fees, which are paid regularly on an ongoing basis, it is likely to impact negatively on a group of people that typically have limited financial resources and who wish to remain in their park home in the medium to long term (73 per cent of residents intend to live in their park home for at least 10 years).

Reducing the Commission Rate

- 8.20 Figure 8.2 illustrates the impact of reducing the commission rate to 2.5 per cent. This reduction would lead to an increase in pitch fees of 14 per cent in small parks, nine per cent in medium parks and 13 per cent in large parks.
- 8.21 From a resident's perspective, the reduction of the commission fee would have a similar impact as a complete removal, as the reduction of the commission rate may

also result in higher pitch fees, which again is unlikely to be in the best interests of the majority of residents that have no intention of selling their park home in short to medium term.

Figure 8:2: Income by Pitch (Commission Rate at 2.5 per cent)



Base: 22

8.22 The impacts of reducing the commission rate to five per cent and 7.5 per cent were also tested. The resulting increases in pitch fees across parks of different sizes can be seen in Table 8.1.

Table 8:1: Pitch Fee Increases at Different Commission Levels

Park Size	10 per cent	7.5 per cent	5 per cent	2.5 per cent	0 per cent
Small	£1,444	£1,511	£1,578	£1,645	£1,712
Medium	£1,407	£1,448	£1,488	£1,529	£1,569
Large	£1,419	£1,480	£1,542	£1,603	£1,664
Average	£1,423	£1,480	£1,536	£1,592	£1,648

Base: 22

Altered Base

8.23 This is an option which applies the commission rate to alternative bases (i.e. not the sales price of the home). One of the options for an alternative base is to apply the commission rate to the value of the land on which the home sits instead of the final sale price of the home itself. In order to separate the value of the land from the final selling price, the original cost of the actual park home should be deducted from the final selling price and the commission rate applied to this figure. For example, if the

home itself cost £50,000 and the final selling price is £80,000, the value of the land is £30,000 and the commission rate is applied to this. In reality, depreciation will need to be taken into account and the longer the residents stay on the site, the more the value of the land will increase.

- 8.24 The issue with this option is that it does not account for increases in the value of the unit itself. For example if a resident invests in improving their home and as such receives a higher price for the home, this would not be accounted for.
- 8.25 Another option is to base the commission rate on the original value of the home and not include the value of any improvements as these were made by residents and not the operator and as such their claim to the increased value is limited.

Sliding Rate

- 8.26 The introduction of a “sliding rate”, payable by the resident on the sale of a park home, would have varying impacts on residents, depending on how long they had owned their park home. This would alter the way in which revised pitch fee calculations are made. In a simple example, commission fees could commence at one per cent and increase at an annual rate of one per cent, for up to a 10 years, resulting in a maximum payable rate of 10 per cent (the current rate).
- 8.27 This would be a fairer approach for those residents who may wish to sell their homes after a short period of time. It may also encourage people to try the park homes lifestyle, knowing that they would be able to re-sell their homes relatively cost-effectively.
- 8.28 In order for this method to be sustainable for park operators, pitch fees would need to be recalculated annually, which would increase the administrative burden on operators. In addition, this option would only be available to new residents as it represents a form of deferred payment and under the current system, existing residents have already paid their commission fee upon purchase of their park home.
- 8.29 However, as 73 per cent of residents responding to the survey indicated that they intend to remain in their park home for longer than 10 years or for the remainder of their life, the majority of residents are unlikely to be supportive of short-term increase in pitch fees as they do not intend to leave within a short period of time.

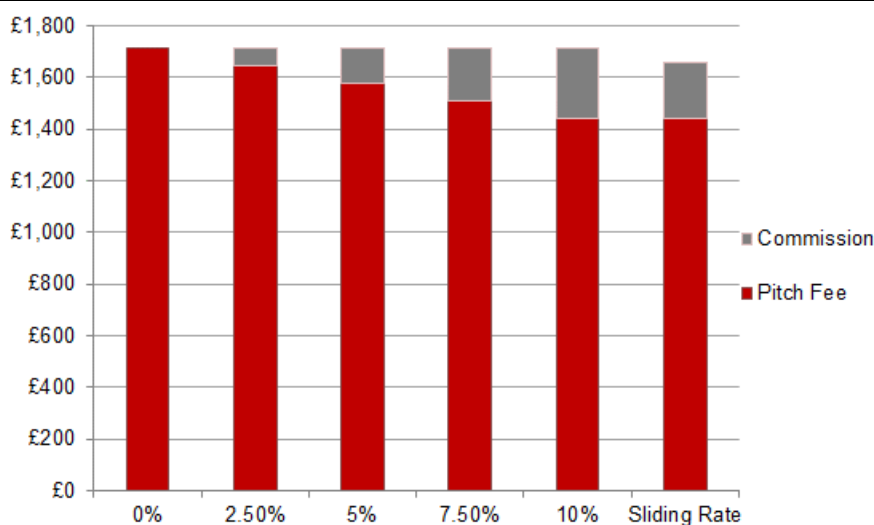
Fixed Commission Charge

- 8.30 Finally, a fixed commission charge could be applied to all sales of park homes, for example, a charge of £15,000 per park home sold. This option may be in favour of residents with higher valued homes as the fixed commission charge may represent less than 10 per cent of the final selling price, however for those residents with lower valued homes a fixed commission charge could leave them in a disadvantaged position.

Summary of Charge Options

- 8.31 Figures 8.3 – 8.5 show the implications of reducing the commission rate across each size of park.
- 8.32 As illustrated in Figure 8.3, reducing the commission rate from 10 per cent to 0 per cent would require an increase in pitch fees from the current annual average of £1,444 to £1,712 for small parks. This would mean an average increase of £22.33 per month in pitch fees in small parks.
- 8.33 As outlined in Section 6, 37 per cent of respondents reported they earn between £1,000 and £2,000 per month and households could expect expenditure of between £333 and £352 per month on services / utilities which is not including pitch fees (which were identified as £143 per month on average). Based on this information, an increase of £22.33 would increase monthly expenditure by between four and five per cent due to an increase of 16 per cent in the average pitch fees.

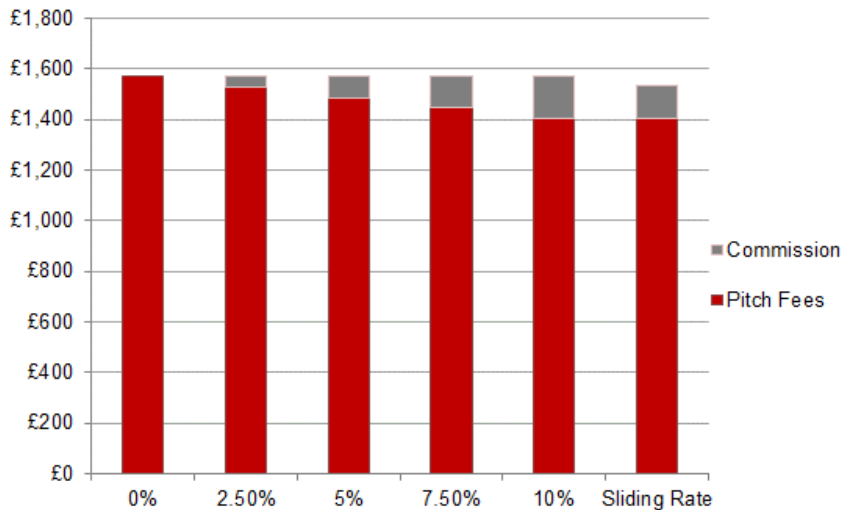
Figure 8.3: Impact of Changing the Commission Rate on Revenue of Small Parks



- 8.34 In Medium sized parks, reducing the commission rate from 10 per cent to 0 per cent would require an increase in pitch fees from the current annual average of £1,407,

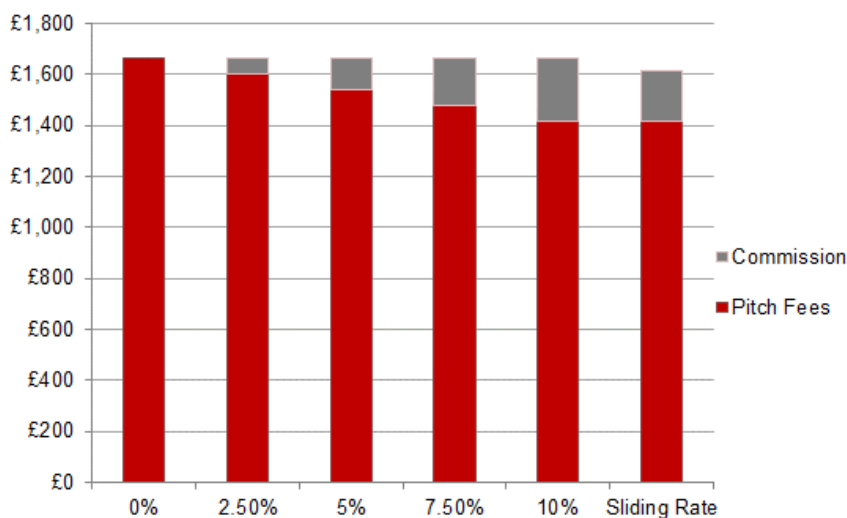
to £1,569. This would mean an average increase of £13.50 per month in pitch fees. An increase of £13.50 per month would represent an increase in residents' monthly expenditure of three per cent.

Figure 8:4: Impact of Changing the Commission Rate for Medium Parks



8.35 As illustrated in Figure 8.5, in large parks, reducing the commission rate from 10 per cent to 0 per cent would require an increase in pitch fees from the current annual average of £1,419, to £1,664. This would mean an average increase of £20.42 per month in pitch fees. An increase of £20.42 per month would represent an increase in residents' monthly expenditure of four per cent.

Figure 8:5: Impact of Changing the Commission Rate for Large Parks



Other Options

8.36 The 2002 ODPM report also examined other non-charge options which could be introduced. For completeness these potential non-charge options have also been

assessed for relevance in relation to the industry in its current capacity. In the majority of cases the Mobile Homes (Wales) Act 2013 has introduced changes which cover the options suggested in the 2002 Report , as Table 8.2 illustrates.

Table 8:2: Review of Non-charge Options

Option	Description	Relevance
Sinking Funds	A fund which would be ring-fenced for park maintenance and repairs. This would have a percentage of pitch fees contributed in a monthly basis and as such would improve transparency surrounding maintenance expenditure.	One of the main arguments for this intervention was to reduce sudden or significant pitch fee increases which is no longer an issue as pitch fees are linked to CPI as stated in the Mobile Homes (Wales) Act 2013. This could however increase transparency of the level of maintenance being carried out and associated costs.
Approval of Prospective Buyers	This option discussed the potential of removing the operator's ability to block sales from going ahead by introducing alternative mechanisms such as a good behaviour bond.	This is no longer relevant as prospective buyers no longer have to gain operator's approval as stated in the Mobile Homes (Wales) Act 2013.
Refurbishments	More emphasis should be placed on refurbishing park homes, both from the resident and the operator's perspective. This will contribute to the overall image of the park and as such could lead to higher sales.	It is in the mutual interest of residents and park operators to keep the park homes in a good state of repair. For residents, it will increase the price they can receive when selling the park home. This is an ongoing issue as there is still the ability of park operators to force residents to buy a new park home if the operator deems that it has fallen into an irreparable condition.
Arbitration and Local Authority Involvement	There is sometimes the requirement for a court to resolve a dispute between park residents and operators. A number of options were suggested including the	This is no longer relevant as the Residential Property Tribunal has been responsible for park homes related disputes since 2011.

Option	Description	Relevance
	creation of an independent body to deal specifically with park homes disputes but this was refuted as being unnecessarily bureaucratic.	

9 CONCLUSIONS AND RECOMMENDATIONS

- 9.1 The following section provides a summary of the key findings emanating from this research and our suggested recommendations.

Sector and Operator Profile

- 9.2 Based on our fieldwork, the Welsh residential park homes sector appears to be comprised of 88 parks. Over 50 per cent of parks are located in the following five local authorities: Powys, Pembrokeshire, Carmarthenshire, Ceredigion and Flintshire. Welsh Government 2012 data and our survey data highlights that the sector is dominated by 'micro' or 'small' parks, with only 6 sites being classified as being 'large' or 'very large'. Data also suggests that residential park home sites in Wales are (on average) smaller than those in England and Scotland.
- 9.3 The findings of our operator survey suggests that:
- The sources of income most commonly cited by park operators were pitch fees, commissions on private sales, recharge of utilities and sales of park homes.
 - On average, income from commission on sales accounted for eight – 10 per cent of total income in 2013/14 and 2014/15. This is broadly consistent with 2002 ODPM research that identified that income from commission represented approximately seven per cent of total income.
 - The most commonly cited sources of expenditure for park operators are: general park maintenance and repairs, employment, licencing and insurance premiums.
 - Thirty-six per cent of parks (n=8) incurred deficits in 2013/14 and 2014/15. Eighteen per cent of parks recorded a surplus of less than 30 per cent of their income whilst the remaining 45 per cent provided data which indicated a surplus of more than 30 per cent of their income. The average surplus made by parks was £40,400.
- 9.4 Discussions with BH&HPA representatives have corroborated the above as being a fair reflection of the financial state of the sector. Anecdotally, representatives from BH&HPA also indicated that a significant number of their members were operating with their banks on a 'special measures' basis.
- 9.5 The 2002 ODPM research, which encompassed park homes in both England and Wales, identified an average Net Income range of £30,000 - £50,000 per park (equivalent to c£44,000 - £74,000 at 2015 prices, based on historical inflation rates)

across all park sizes. The average surplus identified by this study is £40,400, which equates to the lower end of the range identified by the ODPM research. The ODPM research also identified that on average, small parks incurred a Net Loss of £5,000. The lower net income/ loss making profile of smaller parks identified within our 2015/16 research is consistent with the findings of this previous research.

- 9.6 Although the Mobile Homes (Wales) Act 2013 has strengthened the relative bargaining power of residents and clarified the process of determining pitch fees it has also resulted in increased administration and expenditure for park operators. Our operator survey and interviews have identified that the restrictions in pitch fee increases have had a particularly significant impact on operators, as there is little scope to offset the additional costs now being incurred. A reported reduction in turnover from the resale of new properties is also impacting negatively on income generation and asset value, and the introduction of the five year license has reduced the attractiveness of parks during sale.
- 9.7 The above highlights that the vast majority of businesses within Welsh park homes industry are not making high levels of profit. In fact, a significant proportion of the sector appears to be trading at near or below breakeven. This clearly has implications for any change to the commission rate, as a reduction in a key area of income, without a corresponding increase in another, will invariably jeopardise the viability and sustainability of a significant proportion of businesses within the sector. This could result in the closure/sale of parks, which is likely to be detrimental to both operators and residents.

Resident Profile

- 9.8 Our research identifies that park home residents tend to be aged over 55. Our resident survey identified an average respondent age of 71.
- 9.9 Thirty-seven per cent of survey respondents identified that they have an income of between £1,000 and £2,000 per month, only seven per cent have an income in excess of this and 16 per cent have an income of less than £600 per month. Just over one quarter (26 per cent) of respondents reported that they have no savings. In relation to monthly expenses, residents pay between £333 and £352 per month on average for utilities / services in addition to their pitch fee (£148 per month on average). These findings highlight that a significant number of park home residents are in a precarious financial position, with little capacity to incur a significant increase in living costs.
- 9.10 Of those that responded to our survey, 37 per cent had lived in their current home for over 11 years, with eight per cent having lived there for more than 20 years. Sixty-five per cent stated that they do not intend to move in their lifetime, while a further eight per cent stated that they intend to stay for 10 years or longer.
- 9.11 High proportions of survey respondent's access electricity, mains water and mains sewage directly from the park operator. When asked to estimate their monthly or annual expenditure, gas (both mains and bottled gas) featured as the area of highest cost.
- 9.12 Given the restrictive financial position of many park home residents and the intention of the majority of respondents to remain within their park home for the foreseeable future, there is likely to be limited appetite by these residents to incur higher pitch fees in the short/ medium term in order benefit from a reduction/ removal of a commission rate that applies during the sale of their home.

Resident Satisfaction

- 9.13 Survey and interview feedback highlights that three-quarters of residents were satisfied with park location and amenities. However, a third of residents reported being dissatisfied in relation to the maintenance and upkeep of parks and the conduct of park operators.
- 9.14 Feedback from local Authority and resident representative organisations highlight that areas of dissatisfaction tend to arise in relation to:
- poor site maintenance
 - the use of the residency agreement as a means of controlling demand/ access to the Park
 - some lack of awareness of the 10 per cent commission by residents.
- 9.15 The above suggests that further work is required to identify and address poor practice at park home sites and to ensure that resident rights are protected.

Resident Awareness of Contractual Obligations

- 9.16 Our resident survey and discussions with residents highlight that whilst the majority of residents are aware of both the 10 per cent commission rate and the potential for pitch fees to be reviewed and increased annually, a significant minority are unaware or unclear about these issues. There is a need to enhance greater awareness of these issues among the current resident population and to ensure that these points are made abundantly clear to future potential residents.

Impact of Variations in Remuneration via Commission and Pitch Fees

- 9.17 The 10 per cent commission rate is clearly a source of acrimony between residents and operators. Although the majority of residents are aware of the commission rate, they are unclear of the reasons for it. There is a perception amongst residents that operators do nothing to earn the commission and that it is simply a way of generating further profits for operators.
- 9.18 Also, during the consultation process the group of residents campaigning against the commission rate, highlighted that the income generated from the commission was unpredictable, as operators cannot foresee how many homes are going to be sold and therefore, this income could not be regarded being core to the business and its planning process. However, operators and their representative organisations highlight that, based on previous years' experience, operators can quite accurately

forecast the level of sales they are likely to achieve and that the commission from sales is a key source of income. Our analysis suggests that income from commission equates to eight-10 per cent of total income.

- 9.19 As identified above, given the lack of profitability within the Welsh park homes industry, if the commission rate were to be removed or reduced, there would be a requirement for park operators to increase revenue from other sources to off-set any resulting loss of income, the most likely source being pitch fees.
- 9.20 Our analysis of the impact of changes to commission rate on pitch fee levels suggests that pitch fees could increase on average by circa £13 - £22 per month (£156 - £264 per annum). Given that many park residents report they live on modest incomes with no/ limited savings, and the majority anticipate remaining within their park home for the rest of their lives, there is likely to be limited appetite by these residents to incur higher pitch fees.

Recommendations

- 9.21 Based on the above, our recommendations are as follows:
- 9.22 **Commission Rate** – although the commission rate is an ongoing source of dissatisfaction among residents, the results of this research suggest that its removal/ reduction has the potential to have a negative impact on the viability and sustainability of many Welsh park home operators. If the removal/ reduction of the commission rate were to be offset by an increase in pitch fees, this could have a negative impact on residents who have extremely limited financial resources and who wish to remain in their park home for the foreseeable future. Consequently, we recommend that the commission rate remains unchanged for existing residents, but that consideration be given to providing new residents with an option of incurring higher pitch fees in lieu of a commensurate reduction in the commission rate applied to future sales. Although, this approach may require legislative change and it is likely to add to the complexity of operator administration and business planning, it could (if adopted by sufficient numbers) contribute to improved operator cash flow and viability, whilst providing residents with greater choice and the potential to obtain a higher proportion of the proceeds of the sale of their park home.
- 9.23 **Resident awareness of contractual obligations** - There is a need to enhance greater awareness of contractual obligations among the current resident population and to ensure that these points are made abundantly clear to future residents. We

recommend that key stakeholders work collaboratively to ensure that regular and clear communication of these issues are provided to residents.

- 9.24 **Identification and Addressing Poor Practice** – relatively high levels of resident dissatisfaction continue to exist in relation to the maintenance and upkeep of parks and the conduct of park operators. We recommend that further consideration be given to how incidents of poor practice can be identified and addressed more effectively. We also recommend that, in line with good practice, a regular review is carried out on the effectiveness of the Residential Property Tribunal, to ensure that it continues to protect the rights of all parties on an equitable and effective basis.
- 9.25 **Energy Costs** – The cost of energy (and specifically gas) is the highest area of expenditure for park home residents. A household is deemed to be in fuel poverty when more than 10 per cent of income is spent on fuel. Fifteen per cent of the residents responding to the survey stated that they earned less than £600 per month and the average spend of fuel costs ranged from £47 to £66 per month, as such there is evidence of potential fuel poverty amongst residents. We recommend that further consideration should be given to initiatives that reduce energy costs and fuel poverty for this section of the community.

10 ANNEX A: LIST OF STAKEHOLDER ORGANISATIONS CONSULTED

Table A.1: List of Stakeholder Organisations Consulted

Organisation	Description of Activities
British Holiday and Home Parks Association (BHHPA)	<p>The British Holiday & Home Parks Association is the only organisation established exclusively to serve and represent the interests of the parks' industry in the UK. Membership is made up of the owners and managers of park home estates, touring and tenting parks, caravan holiday home parks, chalet parks and all types of self-catering accommodation.</p>
National Caravan Council (NCC)	<p>The NCC was setup over 70 years ago (1939) as the UK trade body representing the collective interests of the tourer, motorhome, holiday home and park home sectors. It is a not for profit membership organisation and represents:</p> <ul style="list-style-type: none">• Manufacturers of tourers, motorhomes and holiday and park homes• Retail dealers of tourers and motorhomes• Holiday and residential park operators• Suppliers of components and accessories• Specialist service providers to the industry

Organisation	Description of Activities
National Association of Park Home Residents	A wholly voluntary association giving advice to Residential Park Home Owners. Membership is open to Residential Park Home Owners on Permanently Licensed Parks, excluding anyone with connections to the site owner.
Independent Park Home Advisory Service.	The Independent Park Home Advisory Service is a voluntary organisation offering advice and information to anyone contemplating Mobile/Park Home living or already living on a residential Mobile Home Park in England, Scotland, Wales or Northern Ireland. The team members are residents who have made the effort to study the legislation relating to mobile homes and work alongside the Government to promote and review changes in legislation.
Carmarthenshire Local Authority; Vale of Glamorgan Local Authority; Powys Local Authority; and Torfaen Local Authority.	Local authorities responsible for the review of Site Licences across Local Authority area.

11 ANNEX B: SUPPLEMENTARY INFORMATION

Table B.1: Distribution of park home sites by size and geography, 2012

Park Location	Park Size					Parks	Population
	Micro (0-10)	Small (11-50)	Medium (51-100)	Large (101-200)	Very Large (200+)		
Isle of Anglesey		4				4	100
Gwynedd	1	1				2	30
Conwy	1	3	1			5	155
Denbighshire		2				2	50
Flintshire		7			1	8	425
Wrexham		1	1			2	100
Ceredigion	4	3	2			9	245
Pembrokeshire	2	9	1			12	310
Carmarthenshire	3	6	3			12	390
Swansea		1	2	1		4	325
Neath Port Talbot		1				1	25
Bridgend		1		1		2	175
Vale of Glamorgan		3		2		5	375

Park Location	Park Size					Parks	Population
	Micro (0-10)	Small (11-50)	Medium (51-100)	Large (101-200)	Very Large (200+)		
Cardiff							
Rhondda Cynon Taf		2	1			3	125
Caerphilly							
Blaenau Gwent							
Torfaen		1				1	25
Monmouthshire	1	2				3	55
Newport		2				2	50
Powys	4	8	1	1		14	445
Merthyr Tydfil		1				1	25
Total Parks	16	58	12	5	1	92	
Total Population	80	1450	900	750	250	3430	

Source: Welsh Government Register of Park Homes 2012

Distribution of park home sites by size and geography, 2016

Location	(1-10)	(11-50)	(51-100)	(101-200)	(200+)	Parks	Population
Bridgend		1	1			2	175
Carmarthenshire	2	8	1			11	390
Ceredigion	3	3	1			7	245
Conwy	1	3	1			5	155
Denbighshire		2				2	50
Flintshire	5	4				9	425
Gwynedd		1				1	30
Isle of Anglesey		3				3	100
Merthyr Tydfil		2				2	25
Monmouthshire		2				2	55
Neath Port Talbot		1				1	25
Newport		1		1		2	50
Pembrokeshire	5	8				13	310
Powys	3	7	1	1		12	445
Rhondda Cynon Taf	1	2	1			4	125
Swansea		1	2	1		4	325

Torfaen			1		1	25
Vale of Glamorgan	3			2	5	375
Wrexham	1	1			2	100
Total	20	53	10	5	88	3,430

Source: Welsh Government Register of Park Homes 2012; PACEC Research 2016

Table B.2: Size of BH&HPA Member Parks by Country in GB (Residential parks only, excludes mixed parks)

	No. of parks	Average number of residential pitches
England	739	57.69
Scotland	16	58.44
Wales	27	43.78
	No. of parks where area data has been provided	Average park size (acres)
England	478	7.47
Scotland	11	9.64
Wales	21	4.65

Source: BH&HPA, 2016

Table B.3: Size and distribution of the park home sector in Wales

Park Location	2002	2012
Isle of Anglesey	1	4
Gwynedd	4	2
Conwy	4	5
Denbighshire	0	2
Flintshire	3	8
Wrexham	2	2
Ceredigion	7	9
Pembrokeshire	13	12
Carmarthenshire	11	12
Swansea	5	4
Neath Port Talbot	2	1
Bridgend	2	2
Vale of Glamorgan	6	5
Cardiff	1	0

Park Location	2002	2012
Rhondda Cynon Taf	1	3
Caerphilly	0	0
Blaenau Gwent	0	0
Torfaen	1	1
Monmouthshire	2	3
Newport	5	2
Powys	17	14
Merthyr Tydfil	2	1
Total Parks	89	92
Total Number of Pitches	2571	3430

Source: Welsh Government Register of Park Homes 2012; “Economics of the Park Homes Industry”, October 2002, Office of the Deputy Prime Minister, London

Table B.4: Profile of the Welsh Housing Market

	2014				2002	
Local Authority Area	No. of Houses	Average House Price	Average Rent (3 bed house)	Households Homeless	No. of Houses	Average House Price
Isle of Anglesey	34,452	£150,000.00	£548.37	240	28,927	£70,000
Gwynedd	61,386	£136,875.00	£568.42	350	49,598	£63,000
Conwy	56,640	£148,000.00	£606.34	305	48,574	£75,000
Denbighshire	42,931	£125,000.00	£584.28	150	40,131	£66,000
Flintshire	66,552	£142,000.00	£610.01	155	60,838	£74,450
Wrexham	59,819	£135,000.00	£580.53	490	53,361	£74,950
Ceredigion	34,924	£165,000.00	£619.50	510	31,330	£83,000
Pembrokeshire	61,259	£154,000.00	£572.71	515	48,315	£78,000
Carmarthenshire	85,741	£125,000.00	£496.46	1210	73,989	£55,000
Swansea	110,115	£130,000.00	£579.12	3215	95,279	£64,000
Neath Port Talbot	64,680	£102,000.00	£475.75	700	57,808	£46,000
Bridgend	62,462	£130,000.00	£557.27	370	53,790	£64,000
Vale of Glamorgan	55,900	£180,000.00	£643.24	260	49,300	£90,000
Cardiff	149,579	£167,625.00	£725.74	3730	126,774	£100,750
Rhondda Cynon	106,354	£95,000.00	£470.63	545	94,909	£45,950

Local Authority Area	2014			Households Homeless	2002	
	No. of Houses	Average House Price	Average Rent (3 bed house)		No. of Houses	Average House Price
Taf						
Caerphilly	78,151	£120,000.00	£493.02	375	69,923	£55,998
Blaenau Gwent	32,265	£75,000.00	£431.25	555	29,436	£36,000
Torfaen	40,813	£119,750.00	£532.96	255	37,560	£57,500
Monmouthshire	40,807	£205,000.00	£652.55	390	35,395	£117,000
Newport	64,642	£140,000.00	£566.45	995	57,376	£77,000
Powys	64,094	£160,000.00	£517.67	285	54,352	£82,500
Merthyr Tydfil	26,507	£87,500.00	£441.03	250	23,140	£37,950
Total	1,400,073	n/a	n/a	15,850	1,220,105	n/a
Average	63640	£136,034.09	£557.88	720	55,459	£68,820

Sources: Stats Wales, ONS, Welsh Assembly Government 2015

Table B.5: Types of applications made to the residential property tribunal

Type of Application	Who can make the application	Is there a fee?	Is there a time limit to apply
If the site owner fails to provide a written statement	The resident	No	No
To add extra terms in an agreement	The resident or the site owner.	Yes	Yes
To change or delete express terms in an agreement or for an order to enforce terms	The resident or the site owner.	Yes	Yes
Application relating to any question under the act or the agreement under section 4 of the act	The resident or the site owner.	Yes	No
For authorisation to end an agreement as it has been broken or because it is not their main home	The site owner	Yes	No
Relating to a home having a negative effect on the site	The site owner	Yes	No
To approve a person to whom to sell or give the home to.	The resident	No	Yes
To move homes	The site owner	Yes	No
To return a home which has been moved.	The resident	No	No
A pitch fee review.	The site owner or the resident	No	Yes
For authorisation to make improvements.	The site owner	No	No
To recognise a qualifying residents' association	The resident(s)	Yes	No

Source: DCLG Fact Sheet: Understanding the Mobile Homes Act: Disputes and Proceedings

Table B.6: Overview of Research Methodologies Used in Previous Research

Research Methodology	2002 ODPM Study (England & Wales)	2009 University of York Study (England)	2012 Consumer Focus Wales Study (Wales)
Stakeholder Consultation	3 Stakeholder organisations (BHHPA, NAPHR and NCC) consulted.	3 Stakeholder organisations (BHHPA, NAPHR and NCC) consulted.	6 (out of 22) Local authorities Consulted; and 3 Stakeholder organisations (BHHPA, NAPHR and NCC) consulted
Residents Surveys	634 residents consulted.	40 residents consulted ²⁵	263 residents consulted.
Operator Survey	147 operators consulted.	10 operators consulted ²⁶	Not applicable.
Focus Groups	Not applicable.	Not applicable	Meetings with 8 residents groups.
Third Party Interviews	2 Mobile home manufacturers were consulted; and 8 Financial and legal service providers were consulted ²⁷ .	Not applicable.	Not applicable.

Source: Office Deputy Prime Minister (2002), University of York (2009) Consumer Focus Wales (2012)

²⁵ All 40 residents consulted lived in Parks located in England.

²⁶ All 10 operators ran Parks located in England.

²⁷ These included: Council of Mortgage Lenders (Trade body: equity release), Norwich Union (Equity release), Safe Home Income Plan (Trade Body: equity release), Capital Bank (Loan Finance), Lifesure/MCI (Insurance Broker) GE Life (Equity release), Royscot Larch (Loan Finance); and Aegis (Insurance Broker).

RESIDENTIAL PARK HOME OPERATOR SURVEY

PACEC have been appointed by the Welsh Government to undertake research into the Economics of the Park Home Industry in Wales.

As part of the research, we are seeking the views of all residential park owners/ managers.

We would be extremely grateful if you would complete this survey which should take no longer than 15 minutes. All of your answers will be treated anonymously and in confidence. Although information you provide in this questionnaire may be presented in the research report, this will be in summary form only. It will not be possible to identify details about any specific individual or Park.

The closing date for responses is **29.02.2016**.

If you have any further questions about the survey, or the research, please do not hesitate to contact Joanna Clearkin (Manager, PACEC: Email: Joanna.Clearkin@pacec.co.uk; Tel: 028 9072 5555).

Your help is very much appreciated.

Q1.	Please provide your name and telephone number (Please note that this information will only be used by our research team to complete quality checks on a random sample of responses or in cases where responses are not clear. Your contact information will not be shared with anyone outside our research team)	
	Name	
	Telephone Number	

Park Background

Q2.	About your Park...	
	Name of park	
	Name of park owner(s)	

Q2. About your Park...		
	Postcode	
	Name of park manager deemed fit and proper by local authority (if different from the above)	

Q3. Are you a member of the following representative groups (please tick all that apply)?		
	I am not a member of any representative group	<input type="checkbox"/>
	British Holiday & Home Parks Association (BH&HPA)	<input type="checkbox"/>
	National Caravan Council (NCC)	<input type="checkbox"/>
	Other, please specify	<input type="checkbox"/>

Q4. Approximately, how many acres is your park? (please tick one)		
	Less than 0.5 acre	<input type="checkbox"/>
	0.5 to 1 acre	<input type="checkbox"/>
	1 to 2 acres	<input type="checkbox"/>
	2 to 5 acres	<input type="checkbox"/>
	6 to 10 acres	<input type="checkbox"/>
	11 to 25 acres	<input type="checkbox"/>
	26 to 50 acres	<input type="checkbox"/>
	More than 50 acres	<input type="checkbox"/>

Q5. How many pitches does your park have? (please write in number for each category)		
	Residential	
	Holiday	
	Touring	

Q6.	Of the number of residential pitches currently in your park, how many re ... (please write in number for each category)						
		Single pitches			Twin pitches		
		Privately-owned home	Occupied by tenant	Vacant	Privately-owned home	Occupied by tenant	Vacant
	Residential						

Q7.	Of the number of residential pitches that there were in 2010 , how many were... (please write in number for each category)						
		Single pitches			Twin pitches		
	Residential	Privately-owned home	Occupied by tenant	Vacant	Privately-owned home	Occupied by tenant	Vacant

Q8.	Does the park set any age criteria for residents?	
	Yes	<input type="checkbox"/>
	If yes, what is the minimum age allowed?	
	No	<input type="checkbox"/>

Q9.	Which of the following facilities does your park have? (please tick all that apply)	
	Open recreational space	<input type="checkbox"/>
	A laundrette	<input type="checkbox"/>
	Communal gardens	<input type="checkbox"/>
	Children's play area - indoor	<input type="checkbox"/>
	Children's play area – outdoor	<input type="checkbox"/>
	A shop	<input type="checkbox"/>
	A clubhouse	<input type="checkbox"/>
	Other(s), please specify	
Q10.	How many years has this park been open? (please tick one)	
	Up to 5 years	<input type="checkbox"/>
	6 to 10 years	<input type="checkbox"/>
	11 to 30 years	<input type="checkbox"/>
	31 to 50 years	<input type="checkbox"/>
	More than 50 years	<input type="checkbox"/>
Q11.	How long have the current owners been operating this park? (please tick one)	
	Less than 2 years	<input type="checkbox"/>
	3 to 5 years	<input type="checkbox"/>
	6 to 10 years	<input type="checkbox"/>
	11 to 15 years	<input type="checkbox"/>
	16 to 20 years	<input type="checkbox"/>
	More than 20 years	<input type="checkbox"/>

Q12.	Is the owner of the park a ...? (please tick one)	
	Sole trader	<input type="checkbox"/>
	Private partnership	<input type="checkbox"/>
	Private limited company	<input type="checkbox"/>
	Public limited company	<input type="checkbox"/>

Q13.	Do the owners of this park own any other parks? (please tick one)		
	Yes	<input type="checkbox"/>	
	If yes, please specify how many parks owned in...	Wales	
		Elsewhere in UK	
	No	<input type="checkbox"/>	

Park Operating Costs & Revenue

This section asks a number of questions about the costs and revenues of the park. Please be assured that all information provided will be treated in confidence, will not be shared with anyone outside the research team and will only be reported in aggregated form. It will not be possible to identify any single park in the final report.

Q14.	Thinking only about this park, what was the total gross income (before tax) <u>per annum</u> for each of the following in the last 2 financial years (please write in total amount to the nearest £100 for each year)		
		2013-14	2014-15
	Pitch Fees for single homes		
	Pitch Fees for twin homes		

Q14.	Thinking only about this park, what was the total gross income (before tax) <u>per annum</u> for each of the following in the last 2 financial years (please write in total amount to the nearest £100 for each year)		
		2013-14	2014-15
	Commissions on private sales of homes		
	Sales of <i>new</i> single homes		
	Sales of <i>new</i> twin homes		
	Sales of <i>second hand</i> single homes		
	Sales of <i>second hand</i> twin homes		
	Commissions on loans		
	Commissions on insurance		
	Recharge of utilities, e.g. electricity, water, sewerage, gas		
	Resale of bought-in homes		
	Rent from tenants		
	Any other source of revenue Please specify:		

Q14.	Thinking only about this park, what was the total gross income (before tax) <u>per annum</u> for each of the following in the last 2 financial years <i>(please write in total amount to the nearest £100 for each year)</i>		
		2013-14	2014-15
	Total Revenue		

Q15.	Thinking only about this park, what were the total operating costs <u>per annum</u> for each of the following in the last 2 financial years? <i>(please write in total amount to the nearest £100 for each year)</i>		
		2013-14	2014-15
	Costs of sales and redevelopment (developing a new pitch base, works to hardstanding, purchase of homes etc.)		
	General park maintenance and repairs		
	Employment costs		
	Licensing costs		
	Business rates		
	Legal costs		
	Insurance premiums		
	Fixed Penalty Notices		

Q15.	Thinking only about this park, what were the total operating costs <u>per annum</u> for each of the following in the last 2 financial years? <i>(please write in total amount to the nearest £100 for each year)</i>		
		2013-14	2014-15
	Finance costs		
	Supply of utilities, e.g. electricity, water, sewerage, gas		
	Other operating costs		
	Please specify:		
	Total Operating Costs		

Q16.	Thinking only about this park, how much profit was made <u>per annum</u> in the last two financial years? <i>(please write in total amount to the nearest £100 for each year)</i>		
		2012/13	2013/14
	Before Tax		
	After Tax		

Q17.	How often are pitch fees reviewed for this park? <i>(please tick one)</i>	
	Annually	<input type="checkbox"/>
	Every two years	<input type="checkbox"/>
	Every three years	<input type="checkbox"/>
	Every four years or longer	<input type="checkbox"/>

Q18.	In what year did this park last review its pitch fees? <i>(please write in year)</i>	

Q18.	In what year did this park last review its pitch fees? <i>(please write in year)</i>		
Q19.	Following the last review, were pitch fees increased or decreased? <i>(please tick one)</i>		
	Increased	<input type="checkbox"/>	
	Please specify the % increase for both categories	Single pitch	
		Twin pitch	
	Decreased	<input type="checkbox"/>	
	Please specify the % decrease for both categories	Single pitch	
		Twin pitch Increased	Decreased
Q20.	If pitch fees were <i>increased</i> , why was this? <i>(Please tick all that apply)</i>		
	Inflation	<input type="checkbox"/>	
	Maintenance	<input type="checkbox"/>	
	Upgrade of facilities	<input type="checkbox"/>	
	Other reason	<input type="checkbox"/>	
	Please Specify:		
Q21.	If pitch fees were <i>decreased</i> , why was this? <i>(Please tick all that apply)</i>		
	Deflation	<input type="checkbox"/>	
	'any deterioration in the condition, and any decrease in the amenity, of the site or any adjoining land which is occupied or controlled by the owner'		<input type="checkbox"/>

Q20.	If pitch fees were increased, why was this? (Please tick all that apply)		
	Other reason	<input type="checkbox"/>	
	Please Specify:		

Q22.	How much does the park usually take in commission on the sale of a home on the park (please tick one)	
	None	<input type="checkbox"/>
	1 to 5%	<input type="checkbox"/>
	6 -9 %	<input type="checkbox"/>
	10%	<input type="checkbox"/>

Q23.	What would you say is the average length of tenure in this park? (please write in the approximate number of years)

Q24.	How many re-assignments has this park had in the last 5 years? (please write in number)

Q25.	Please can you provide the following information on each of the last three re-assignments:			
		Re-assignment 1	Re-assignment 2	Re-assignment 3
	Age of home			
	Single or twin			
	Sale price achieved			

Q25.	Please can you provide the following information on each of the last three re-assignments:			
		Re-assignment 1	Re-assignment 2	Re-assignment 3
	Previous homeowner's length of tenure			
	Previous homeowner's reason for selling their home			

Q26.	What was the reason for your last three acquisitions? <i>(please tick one for acquisition)</i>			
		Acquisition 1	Acquisition 2	Acquisition 3
	The resident invited the purchase	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
	We, as the operator, proposed the purchase	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
	We enforced the detrimental clause	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
	The resident cleared the site (no sale)	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

Q27.	How many people does your park currently employ? <i>(please write in number)</i>	
	Number of full-time staff	
	Number of part-time staff	

Q28.	Has this park had been issued with a fixed penalty notice by the local authority in the last year? <i>(please tick one)</i>	
	Yes	<input type="checkbox"/>
	If yes, please specify how many	
	No	<input type="checkbox"/>

Q29.	If the park was issued with a local authority fixed penalty notice, for which of the following was this in relation to? <i>(please tick all that apply)</i>	
	Boundaries and plan of the site	<input type="checkbox"/>
	Density, Spacing and Parking Between Caravans	<input type="checkbox"/>

Q29.	If the park was issued with a local authority fixed penalty notice, for which of the following was this in relation to? (please tick all that apply)	
	Road Gateways and Overhead Cables	<input type="checkbox"/>
	Footpaths and Pavements	<input type="checkbox"/>
	Lighting	<input type="checkbox"/>
	Bases	<input type="checkbox"/>
	Maintenance of Common Areas	<input type="checkbox"/>
	Supply and Storage of Gas	<input type="checkbox"/>
	Drainage, sanitation and water supply	<input type="checkbox"/>
	Communal Recreation Space	<input type="checkbox"/>
	Notices and Information	<input type="checkbox"/>

Q30.	What financial impact have the following aspects of the Mobile Homes (Wales) Act 2013 had on the operation of your park? (please tick one for each)				
		Large Impact	Quite large Impact	Little Impact	No Impact
	Having to pay to be licensed	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
	The fact that pitch fees can now only be increased in line with the Consumer Prices Index	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
	No requirement to approve the purchaser	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
	Fixed penalty notices	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

THANK YOU FOR YOUR TIME AND ASSISTANCE WITH THIS SURVEY

A member of our research team may contact you to complete quality checks. Please be assured that your contact information will not be shared with anyone outside our research team.

PARK HOME RESIDENT SURVEY

PACEC have been appointed by the Welsh Government to undertake research into the Economics of the Park Home Industry in Wales.

As part of the research, we are seeking the views of the residents of all Parks Homes in Wales.

We would be extremely grateful if you would complete this online survey which should take no longer than 15 minutes. **All of your answers will be treated anonymously and in confidence.** Although information you provide in this questionnaire may be presented in the research report, this will be in summary form only. It will not be possible to identify details about any specific individual or Park.

The closing date for responses is **04.03.2016**

If you have any further questions about the survey, or the research, please do not hesitate to contact Joanna Clearkin (Manager, PACEC: Email: Joanna.Clearkin@pacec.co.uk; Tel: 028 9072 5555).

Your help is very much appreciated.

Q1.	Please provide your name and telephone number <i>(Please note that this information will only be used by our research team to complete quality checks on a random sample of responses or in cases where responses are not clear. Your contact information will not be shared with anyone outside our research team)</i>	
	Name	
	Telephone Number	

Park Background

Q2.	About your Park...	
	Name of park	
	Postcode	

Q3.	Are you a member of any of the following representative groups? (please tick all that apply)
	I am not a member of any representative group <input type="checkbox"/>
	National Association of Park Home Residents (NAPHR) <input type="checkbox"/>
	Park Home Residents Action Alliance (PHRAA) <input type="checkbox"/>
	Independent Park Home Advisory Service (IPHAS) <input type="checkbox"/>
	Park Resident's Association <input type="checkbox"/>
	Other, please specify: <input type="checkbox"/>

Choosing to Move to a Park Home

Q4.	How long have you lived in this park home? (please write in the number of years or tell us the year you moved in)

Q5.	How would you describe your previous house type? (please tick one)
	House <input type="checkbox"/>
	Flat/maisonette <input type="checkbox"/>
	Bungalow <input type="checkbox"/>
	Another park home <input type="checkbox"/>
	Other, please specify: <input type="checkbox"/>

Q6.	How would you describe your tenure in your previous house type? (please tick one)
	Owned outright <input type="checkbox"/>
	Owned with a mortgage <input type="checkbox"/>
	Council / Housing Association tenant <input type="checkbox"/>
	Privately rented <input type="checkbox"/>
	Tied tenant <input type="checkbox"/>

Q6.	How would you describe your tenure in your previous house type? <i>(please tick one)</i>
	Living in parents' home <input type="checkbox"/>
	Other, please specify: <input type="checkbox"/>

Q7.	How far away from here was your previous home? <i>(please tick one)</i>
	Within 50 miles <input type="checkbox"/>
	Between 50 and 100 miles away <input type="checkbox"/>
	Over 100 miles away <input type="checkbox"/>
	Overseas <input type="checkbox"/>

Q8.	What were your three main reasons for choosing to move to a park home? <i>(please tick boxes relating to top three reasons)</i>
	Best value accommodation in the area <input type="checkbox"/>
	Couldn't afford other accommodation in this area <input type="checkbox"/>
	To release the maximum capital <input type="checkbox"/>
	Couldn't find small/single storey accommodation in this area <input type="checkbox"/>
	For cheaper/easier maintenance <input type="checkbox"/>
	For smaller/more compact home <input type="checkbox"/>
	Like the design/layout of a park home <input type="checkbox"/>
	Like the feel/quiet/security of a park <input type="checkbox"/>
	Like the sort of people living in a park <input type="checkbox"/>
	Other, please specify: <input type="checkbox"/>

Q9.	How did you purchase your park home? (please tick one)	
	New from park operator	<input type="checkbox"/>
	New from manufacturer	<input type="checkbox"/>
	Second hand from park operator	<input type="checkbox"/>
	Second hand from previous owner	<input type="checkbox"/>

Your Satisfaction & Expectations

Q10.	How would you rate your overall satisfaction with your Park's location and its amenities? (please tick one)	
	Very satisfied	<input type="checkbox"/>
	Somewhat satisfied	<input type="checkbox"/>
	Neither satisfied nor dissatisfied	<input type="checkbox"/>
	Somewhat dissatisfied	<input type="checkbox"/>
	Very dissatisfied	<input type="checkbox"/>

Q11.	How would you rate your overall satisfaction with the maintenance and upkeep of the park? (please tick one)	
	Very satisfied	<input type="checkbox"/>
	Somewhat satisfied	<input type="checkbox"/>
	Neither satisfied nor dissatisfied	<input type="checkbox"/>
	Somewhat dissatisfied	<input type="checkbox"/>
	Very dissatisfied	<input type="checkbox"/>

Q12.	How would you rate your overall satisfaction with the Park operator / owner/ manager? (please tick one)	
	Very satisfied	<input type="checkbox"/>
	Somewhat satisfied	<input type="checkbox"/>
	Neither satisfied nor dissatisfied	<input type="checkbox"/>
	Somewhat dissatisfied	<input type="checkbox"/>

Q12.	How would you rate your overall satisfaction with the Park operator / owner/ manager? <i>(please tick one)</i>
	Very dissatisfied <input type="checkbox"/>

Q13.	When do you intend to move away from this park? <i>(please tick one)</i>
	In the next two years <input type="checkbox"/>
	In the next 3 to 5 years <input type="checkbox"/>
	In the next 5 to 10 years <input type="checkbox"/>
	In 10 years or longer <input type="checkbox"/>
	Not in my lifetime <input type="checkbox"/>

Q14.	What would be the most likely reason for you deciding to move away from the park? <i>(please tick one)</i>
	Health <input type="checkbox"/>
	Finances <input type="checkbox"/>
	Work moving away <input type="checkbox"/>
	Family / friends moving away <input type="checkbox"/>
	Declining park management standards <input type="checkbox"/>
	Will never leave <input type="checkbox"/>
	Other reason, please specify:

Charges & Fees

This sections asks a number of questions about the charges and fees you pay to the park operator/ manager / owner. Please be assured that all information provided will be treated in confidence, will not be shared with anyone outside the research team and will only be reported in aggregated form. It will not be possible to identify any individual in the final report.

Q15.	Do you currently ... (please tick one)		
	Rent your park home	<input type="checkbox"/>	Please go to Q16
	Own your park home (either outright or with a mortgage/loan)	<input type="checkbox"/>	Please go to Q19

Q16.	How much is your monthly rent? (please write in amount in £)

Q17.	Do you have any of the following types of insurance on your park home (please tick one)		
	Buildings insurance	<input type="checkbox"/>	
	Contents insurance	<input type="checkbox"/>	
	Combined buildings and contents insurance	<input type="checkbox"/>	
	Other, please specify:	<input type="checkbox"/>	

Q18.	What is the total monthly or annual cost of that insurance? (please write in monthly OR annual amount in £)	
	Monthly	
	Annual	

Tenants, please now go to Q36

Q19.	Did you take out a loan to assist with the purchase of this home ... (please tick one)		
	Yes	<input type="checkbox"/>	Please go to Q20
	No	<input type="checkbox"/>	Please go to Q23

Q20.	What share of the purchase cost did the loan cover when you took it out? (please tick one)		
	Less than 1/4	<input type="checkbox"/>	
	Between 1/4 and 1/2	<input type="checkbox"/>	

Q20.	What share of the purchase cost did the loan cover when you took it out? (please tick one)
	Between 1/2 and 3/4 <input type="checkbox"/>
	Over 3/4 of the purchase cost <input type="checkbox"/>

Q21.	How many years has the loan left to run? (please tick one)
	None, it is paid off in full <input type="checkbox"/> Please go to Q23
	Less than 1 year <input type="checkbox"/> Please go to Q22
	1 to 5 years <input type="checkbox"/> Please go to Q22
	5 to 10 years <input type="checkbox"/> Please go to Q22
	More than 10 years <input type="checkbox"/> Please go to Q22

Q22.	How much a month is that loan currently costing you? (please write in amount in £)

Q23.	Do you have any of the following types of insurance on your park home (please tick one)
	Buildings insurance <input type="checkbox"/>
	Contents insurance <input type="checkbox"/>
	Combined buildings and contents insurance <input type="checkbox"/>
	Other, please specify: <input type="checkbox"/>

Q24.	What is total monthly or annual cost of that insurance? (please write in monthly OR annual amount in £)
	Monthly
	Annual

Q25.	How much are your current monthly pitch fees? (please write in amount in £ per month)

Q26.	Approximately what share of your monthly income goes on pitch fees? <i>(please tick one)</i>	
	Less than 1/4	<input type="checkbox"/>
	Between 1/4 and 1/2	<input type="checkbox"/>
	Between 1/2 and 3/4	<input type="checkbox"/>
	Over 3/4	<input type="checkbox"/>

Q27.	How frequently are the pitch fees reviewed on this park <i>(please tick one)</i>	
	Once per year	<input type="checkbox"/>
	More often than once per year	<input type="checkbox"/>
	Once every two years	<input type="checkbox"/>
	When the park operator undertakes major works or improvements	<input type="checkbox"/>
	Irregularly	<input type="checkbox"/>
	Don't know / not sure	<input type="checkbox"/>

Q28.	By how much did the pitch fees rise in the last year? <i>(Please write in monthly increase in £ or %)</i>	

Q29.	Do you feel this rise in pitch fees was reasonable? <i>(please tick one)</i>	
	Yes	<input type="checkbox"/>
	No	<input type="checkbox"/>
	Don't know / not sure	<input type="checkbox"/>

Q30.	When you moved onto this park, was it made clear to you that your pitch fees could be reviewed and increased on an annual basis? <i>(please tick one)</i>	
	I was made aware of it and it was clear	<input type="checkbox"/>
	I was made aware of it, but it was not very clear	<input type="checkbox"/>
	I was not made aware of it	<input type="checkbox"/>
	I can't remember	<input type="checkbox"/>

Q31.	How much does your park operator usually take in commission on the sale of a home on the park <i>(please tick one)</i>	
	None	<input type="checkbox"/>
	1 to 5%	<input type="checkbox"/>
	6 -9 %	<input type="checkbox"/>
	10%	<input type="checkbox"/>
	Don't know / not sure	<input type="checkbox"/>

Q32.	When you moved onto this park, was it made clear to you that commission could be charged if you sold your park home? <i>(please tick one)</i>	
	I was made aware of it and it was clear	<input type="checkbox"/>
	I was made aware of it, but it was not very clear	<input type="checkbox"/>
	I was not made aware of it	<input type="checkbox"/>
	I can't remember	<input type="checkbox"/>

Q33.	How much did your home cost at the time of purchase, including the costs of delivery / siting / connection? <i>(please write in amount in £)</i>	

Q34.	If you were to sell your home, how would you prefer to sell it? <i>(please tick one)</i>	
	To the park operator / owner	<input type="checkbox"/>
	Sell directly to a new a resident	<input type="checkbox"/>

Q34.	If you were to sell your home, how would you prefer to sell it? (please tick one)
	Other, please specify: <input type="checkbox"/>

Q35.	Why would that be your preferred choice? (please tick one)
	Would probably get a better price <input type="checkbox"/>
	Would probably sell it quicker <input type="checkbox"/>
	Other, please specify: <input type="checkbox"/>

Park Services

This section asks a number of questions on the utilities you have access to and how these are paid for.

Q36.	For each of the following services / utilities you use, please indicate those that you purchase directly from the supplier and those which you purchase through the park operator? (please tick all that apply)			
		Direct	Via park operator	Do not use
	Mains gas	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
	Bottled gas / LPG	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
	Electricity	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
	Mains water	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
	Mains sewage	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
	Telephone	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
	Cable / satellite TV	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
	Internet	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

Q37.	For each of the services / utilities identified above, please estimate your monthly OR annual expenditure on this item. Alternatively, please indicate if the charge is included in your pitch fee / rent.			
		£ Monthly Cost	£ Annual Cost	Included in Pitch Fee / Rent
	Mains gas			<input type="checkbox"/>
	Bottled gas / LPG			<input type="checkbox"/>
	Electricity			<input type="checkbox"/>
	Mains water			<input type="checkbox"/>
	Mains sewage			<input type="checkbox"/>
	Telephone			<input type="checkbox"/>
	Cable / satellite TV			<input type="checkbox"/>
	Internet			<input type="checkbox"/>

Household Profile

Q38.	Which of the following best describes your household? (please tick one)	
	One adult with no children under the age of 16 years	<input type="checkbox"/> Please go to Q40
	Couple with no children under the age of 16 years	<input type="checkbox"/> Please go to Q40
	One adult plus child/children under the age of 16 years	<input type="checkbox"/> Please go to Q39
	Couple plus child/children under the age of 16 years	<input type="checkbox"/> Please go to Q39
	3 or more adults, no children under the age of 16 years	<input type="checkbox"/> Please go to Q39
	3 or more adults, with child/children under the age of 16 years	<input type="checkbox"/> Please go to Q39
	Other	<input type="checkbox"/> Please go to Q39

Q39.	How many children under the age of 16 currently live in your household? (please write in number)

Q40.	How old is each adult in your household? (please write in age in years for each adult)	
	Adult 1	

Q40.	How old is each adult in your household? (please write in age in years for each adult)	
	Adult 2	
	Adult 3	
	Adult 4	

Q41.	What gender is each adult in your household? (please tick one for each adult)		
		Male	Female
	Adult 1	<input type="checkbox"/>	<input type="checkbox"/>
	Adult 2	<input type="checkbox"/>	<input type="checkbox"/>
	Adult 3	<input type="checkbox"/>	<input type="checkbox"/>
	Adult 4	<input type="checkbox"/>	<input type="checkbox"/>

Q42.	What is the current employment status of each adult in your household? (please tick one each adult)				
		Adult 1	Adult 2	Adult 3	Adult 4
	In full-time work	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
	In part-time work	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
	Casual or irregular work (e.g. freelance work or zero hours contract)	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
	Fully retired	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
	Out of work and looking for work	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
	Out of work and not seeking work	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
	Cannot work due to illness/disability	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
	Full-time student	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
	Other	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

Q43.	Thinking about when you first moved to this park, how old was the oldest member of your household? (please tick one)	
	Under 25 years	<input type="checkbox"/>
	25 to 34 years	<input type="checkbox"/>

Q43.	Thinking about when you first moved to this park, how old was the oldest member of your household? <i>(please tick one)</i>	
	35 to 49 years	<input type="checkbox"/>
	50 to 59 years	<input type="checkbox"/>
	60 to 69 years	<input type="checkbox"/>
	70 to 79 years	<input type="checkbox"/>
	80+ years	<input type="checkbox"/>

Household Finances

This section asks a number of questions on your household financial circumstances. This is very important as it will help us to assess the impact of fees and commissions on your budget. Please be assured that all information provided will be treated in confidence, will not be shared with anyone outside the research team and will only be reported in aggregated form. It will not be possible to identify any individual in the final report.

Q44.	Please indicate into which range your monthly total household income after tax falls <i>(please tick one)</i>	
	No income	<input type="checkbox"/>
	Under £200 per month	<input type="checkbox"/>
	Between £200 and £400 per month	<input type="checkbox"/>
	Between £400 and £600 per month	<input type="checkbox"/>
	Between £600 and £800 per month	<input type="checkbox"/>
	Between £800 and £1,000 per month	<input type="checkbox"/>
	Between £1,000 and £2,000 per month	<input type="checkbox"/>
	Over £2,000 per month	<input type="checkbox"/>
	Don't know / not sure	<input type="checkbox"/>

Q45.	Please indicate the range into which your total household savings and investments fall <i>(please tick one)</i>	
	None	<input type="checkbox"/>
	Up to £300	<input type="checkbox"/>
	Between £300 and £500	<input type="checkbox"/>
	Between £500 and £1,000	<input type="checkbox"/>
	Between £1,000 and £1,500	<input type="checkbox"/>
	Between £1,500 and £5,000	<input type="checkbox"/>
	Between £5,000 and £10,000	<input type="checkbox"/>
	Over £10,000	<input type="checkbox"/>
	Don't know / not sure	<input type="checkbox"/>

Q46.	Please indicate how much you add to your savings each year <i>(please tick one)</i>	
	We are drawing on our savings, they are declining	<input type="checkbox"/>
	Our savings are not increasing	<input type="checkbox"/>
	We save for things that we buy that year e.g. holidays	<input type="checkbox"/>
	We add up to £200 per year to our savings	<input type="checkbox"/>
	We add between £200 and £500 per year to our savings	<input type="checkbox"/>
	We add between £500 and £1,000 per year to our savings	<input type="checkbox"/>
	We add over £1,000 per year to our savings	<input type="checkbox"/>
	Don't know / not sure	<input type="checkbox"/>

THANK YOU FOR YOUR TIME AND ASSISTANCE WITH THIS SURVEY

A member of our research team may contact you to complete quality checks. Please be assured that your contact information will not be shared with anyone outside our research team.

14 ANNEX E: OPERATOR INTERVIEW DISCUSSION GUIDE

Park Operator Interviews – Discussion Guide

Background to Park

Name of Park:

Location/address:

How many pitches does the park have?

- Residential
- Non-residential

How many people does your park employ (full / part time)?

Resident Profile

What is the average age profile of residents?

What is the average length of stay by residents (in years)?

What are the main reasons for residents leaving the park?

Park Revenue & Costs

Has the income you receive from each of the following changed over the last few years?

- Pitch Fees
- Commissions
- Sales of new units
- Rents on rented homes
- Commission on loans or insurance
- Supply of services, e.g. electricity
- Resale of old units replaced by new units

What has brought about the changes in income and how has this impacted on your business?

Has the annual operating costs for each of the following changed over the last few years? If yes, by how much?

- Maintenance and repairs
- Employment costs
- Business rates
- Legal costs
- Insurance premiums

What has brought about the changes in operating costs and how has this impacted on your business?

Has the level of profit made by the Park changed over the last few years? If yes, what have the drivers of the change and how has this impacted on your business?

How often do you review your pitch fees?

Following your last review, did you increase pitch fees?

- If yes, by what % did it increase/decrease and why was it increased/decreased?
- Why did you increase pitch fees?

How many pitches have you acquired in the last 5 years?

- What was the reason for these acquisitions?

How much commission did you make on the sale of park homes in the last 5 years?

- If the commission rate (currently 10%) was to be increased or decreased, what would be the impact on your business?
- If the commission rate was to be increased or decreased, how would this impact on the other charges you currently charge residents?

The Mobile Homes Act (2014) brought about a number of changes to the way in which park can be operated. What has been the financial impact of each of the following changes:

- Having to pay to be licensed
- The fact that pitch fees can now only be increased in line with the Consumer Prices Index
- Being unable to block the sale of a park home
- Fixed penalty notices

Park Resident Focus Groups - Discussion Guide

Park Profile

Name of Park:

Location/address:

Group Information

Number of group participants

Gender participants

Park Home Living

How long have you lived in this park?

Why did you decide to move to a park home?

Why did you decide to move to this particular park?

Prior to moving to your current home:

- What kind of home did you live in (i.e. type of building, other park home)?
- Where did you live (i.e. Council area)?

Overall, how satisfied are you with the current facilities/amenities? Do you think they could be improved in any way?

Overall, how satisfied are you with your Park operator? Why do you say that?

Payments to Park Operator

When you first moved to the park, was it made clear to you that your pitch fees could be reviewed and increased on an annual basis?

Have your pitch fees increased in the last year?

- If yes, do you know why the pitch fees were increased?
- Did the increase in pitch fees impact on you and/or your household's financial position?

Are you aware that you would have to pay your park operator a 10% commission rate if you chose to sell your home?

- Would this impact on your decision to sell in the future? If yes, why?
- If the commission fee was increased, would this impact on your decision to sell in the future? If yes, why?

In terms of any other payments you make to your park operator on a monthly/annual basis (e.g. utilities etc.)

- Have these payments increased/decreased over the last few years?
- Do you know why they were increased/decreased?
- Do you have any concerns about the level of payments you make to your park operator and how this impacts on you and/or your household's financial position?

Do you have any intentions to leave the park in the near future? If yes, why is this and where do you think you would move to?

#

16 ANNEX G: OPERATOR SURVEY AND INTERVIEW FINDINGS

Table G.1: Location of responding parks and all park home sites

Local Authority	No. Responding to Survey	All parks
Isle of Anglesey	1	3
Gwynedd	1	1
Conwy	2	5
Denbighshire	0	2
Flintshire	1	9
Wrexham	0	2
Ceredigion	3	7
Pembrokeshire	8	13
Carmarthenshire	3	11
Swansea	1	4
Neath Port Talbot	0	1
Bridgend	1	2
Vale of Glamorgan	2	5
Rhondda Cynon Taf	1	4
Torfaen	0	1
Monmouthshire	1	2
Newport	1	2
Powys	6	12
Merthyr Tydfil	0	2
Total	32	88

Table G.2: Tenure by pitch size of responding parks

Pitch type	Tenure	No.
Single	Owned	323
	Rented	21
	Vacant	38
	Total	382
Twin	Owned	759
	Rented	12
	Vacant	118
	Total	889

Base: 31

Table G.3: Average percentage change in pitch fees

Number of pitches	per cent change
Average single pitch increase	1.16 per cent
Average twin pitch increase	1.19 per cent
Average single pitch decrease	0.10 per cent
Average twin pitch decrease	0.10 per cent

Base: 18

Table G.4: Details of last three re-assignments

	Re-assignment 1	Re-assignment 2	Re-assignment 3	Overall Average
Age of home	15.4	18.3	22.8	18.8
Sale price achieved	£60,650	£ 56,850	£83,778	£67,093
Previous homeowner's length of tenure	8.6	8	9.1	8.6

Base: 18

Table G.5: Financial impact of the Mobile Homes (Wales) Act 2013

	Large impact	Some impact	Little impact	No impact
Having to pay to be licensed	6	6	6	0
The fact that pitch fees can now only be increased in line with the CPI	11	6	1	0
No requirement to approve the purchaser	7	8	2	1
Fixed penalty notices	1	2	0	15

Base: 18

Table G.6: Site Visits

Park Location	Size
Swansea	Small
Monmouthshire	Small
Carmarthenshire	Small
Gwynedd	Small
Ceredigion	Micro
Pembrokeshire	Medium
Pembrokeshire	Micro
Pembrokeshire	Small
Powys	Small
Conwy	Medium
Conwy	Small
Vale of Glamorgan	Small
Bridgend	Medium
Ceredigion	Small
Pembrokeshire	Small
Pembrokeshire	Small
Pembrokeshire	Small

17 ANNEX H: RESIDENTS SURVEY AND GROUP DISCUSSION FINDINGS

Table H.1: Age band of oldest member of household when first moving to park

	Percentage	No.
Under 25 years	1 per cent	3
25 to 34 years	1 per cent	8
35 to 49 years	6 per cent	38
50 to 59 years	24 per cent	136
60 to 69 years	48 per cent	266
70 to 79 years	19 per cent	104
80+ years	1 per cent	9

Base: 561

Table H.2: Monthly household income after tax

	Percentage	No.
No income	1 per cent	6
Under £200 per month	1 per cent	7
Between £200 and £400 per month	6 per cent	32
Between £400 and £600 per month	7 per cent	37
Between £600 and £800 per month	13 per cent	67
Between £800 and £1,000 per month	17 per cent	87
Between £1,000 and £2,000 per month	37 per cent	196
Over £2,000 per month	7 per cent	37
Don't know / not sure	11 per cent	56

Base: 523

Table H.3: Level of household savings and investments

	Percentage	No.
None	26 per cent	134
Up to £300	7 per cent	35
Between £300 and £500	4 per cent	21
Between £500 and £1,000	4 per cent	18
Between £1,000 and £1,500	3 per cent	17
Between £1,500 and £5,000	13 per cent	67
Between £5,000 and £10,000	9 per cent	45
Over £10,000	25 per cent	125
Don't know / not sure	14 per cent	71

Base: 506

Table H.4: Household savings and investments

	Percentage	No.
We are drawing on our savings, they are declining	28 per cent	141
Our savings are not increasing	25 per cent	124
We save for things that we buy that year e.g. holidays	18 per cent	91
We add up to £200 per year to our savings	1 per cent	6
We add between £200 and £500 per year to our savings	3 per cent	14
We add between £500 and £1,000 per year to our savings	3 per cent	16
We add over £1,000 per year to our savings	7 per cent	36
Don't know / not sure	17 per cent	85

Base: 506

Table H.5: Representative Group Membership (multiple response question)

	Percentage	No.
I am not a member of any representative group	56 per cent	289
National Association of Park Home Residents (NAPHR)	15 per cent	76
Park Home Residents Action Alliance (PHRAA)	4 per cent	21
Independent Park Home Advisory Service (IPHAS)	16 per cent	85
Park Resident's Association	29 per cent	148
Other	1 per cent	4

Base: 516

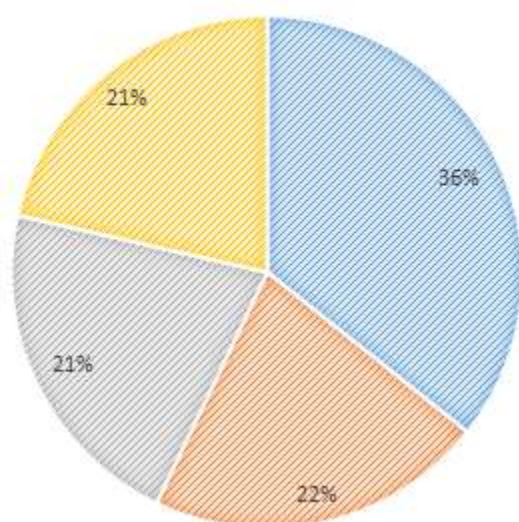
Table H.6: Reason(s) for moving to a park home (multiple response question)

	Percentage	No.
Like the feel/quiet/security of a park	54 per cent	316
For smaller/more compact home	39 per cent	226
For cheaper/easier maintenance	37 per cent	216
Couldn't afford other accommodation in this area	27 per cent	160
Like the design/layout of a park home	27 per cent	160
Best value accommodation in the area	26 per cent	152
To release the maximum capital	23 per cent	135
Like the sort of people living in a park	19 per cent	111
Couldn't find small/single storey accommodation in this area	7 per cent	42
Other	16 per cent	91

Base: 519

Table H.7: Share of the purchase cost covered by the loan

■ Less than 1/4 ■ Between 1/4 and 1/2 ■ Between 1/2 and 3/4 ■ Over 3/4 of the purchase cost



Base: 31

Table H.8: Services/utilities used by residents and their source

	Monthly	Annual	Included in pitch fees
Mains gas	£47	£550	1 per cent
Bottled gas / LPG	£66	£753	10 per cent
Electricity	£39	£424	8 per cent
Mains water	£25	£274	70 per cent
Mains sewage	£20	£198	78 per cent
Telephone	£33	£395	2 per cent
Cable / satellite TV	£39	£475	1 per cent
Internet	£16	£199	1 per cent

Base: 519

Table H.9: Attendees at Group Discussions

	Date of Site Visit	Numbers Attending Resident Focus Group
Conwy	Thursday 4th Feb	15
Conwy	Thursday 4th Feb	4
Gwynedd	Friday 5th Feb	7
Ceredigion	Friday 5th Feb	3
Vale of Glamorgan	Tuesday 9th Feb	12
Vale of Glamorgan	Tuesday 9th Feb	2
Ceredigion	Wednesday 10th Feb	9
Pembrokeshire	Wednesday 10th Feb	6
Pembrokeshire	Wednesday 10th Feb	13
Pembrokeshire	Thursday 11th Feb	n/a
Pembrokeshire	Thursday 11th Feb	n/a
Pembrokeshire	Thursday 11th Feb	8
Powys	Thursday 11th Feb	8
Swansea	Friday 12th Feb	11
Monmouthshire	Friday 12th Feb	10
Carmarthenshire	Friday 12th Feb	14
Total		122