

TRANSCRIPT

LEGISLATIVE ASSEMBLY ENVIRONMENT AND PLANNING COMMITTEE

Inquiry into the Supply of Homes in Regional Victoria

Traralgon – Thursday 22 May 2025

MEMBERS

Juliana Addison – Chair

Martin Cameron – Deputy Chair

Jordan Crugnale

Daniela De Martino

Wayne Farnham

Martha Haylett

David Hodgett

WITNESS

Rod Hearn, General Manager, Residential, Caravan and Residential Parks Victoria.

The CHAIR: Welcome back to the public hearing. I will just run through some important formalities before we begin this next session with Rod Hearn from Caravan and Residential Parks Victoria.

All evidence today will be recorded by Hansard and is protected by parliamentary privilege. This means that you can speak freely without fear of legal action in relation to the evidence you give. However, it is important to remember that parliamentary privilege does not apply to comments made outside the hearing, even if you are restating what you said during the hearing.

You will receive a draft transcript of your evidence in the next week or so for you to check and approve. Corrected transcripts are published on the committee's website and may be quoted from in our final report.

Thank you for making the time to meet with the committee today. Rod, we know each other, but I am Juliana Addison, Chair of this committee and Member for Wendouree.

Martin CAMERON: Martin Cameron, Deputy Chair, Member for Morwell – so Latrobe Valley.

Jordan CRUGNALE: Jordan Crugnale, the Member for Bass – in the state of Victoria, not Tasmania – covering Bass Coast shire, Casey and Cardinia.

Daniela DE MARTINO: Daniela De Martino. I am the Member for Monbulk, covering the Dandenong Ranges.

Wayne FARNHAM: Wayne Farnham, Member for Narracan, West Gippsland.

David HODGETT: David Hodgett, Member for Croydon.

The CHAIR: Terrific. Would you please introduce yourself and your role and organisation.

Rod HEARN: I am Rod Hearn, and I represent Caravan and Residential Parks Victoria. My role is General Manager of Residential, which encompasses both the manufactured home element, being the residential land lease homes, and also part 4 under the *Residential Tenancies Act 1997*, which is rentals that can be owned by a person who lives in a caravan park or rented from the caravan park.

The CHAIR: Terrific. We are really pleased that you are here presenting to our inquiry today and answering our questions. If I could just start off with the first question: could you give us a sense of the demographic information about individuals commonly accessing long-term residential parks as well as living in more permanent dwellings?

Rod HEARN: Certainly. Our demographic is the age bracket of 60 to 74. We find predominantly that the major component of that 60 to 74 ultimately ends up being single women. They often move in as couples, but over time, unfortunately, one person will pass. That is where we males are deficient, I am afraid – we are the first to go. So the major quantity are that bracket, and most certainly living in those communities are predominantly women. I would like to also note that that age bracket is anticipated to grow by some 60 per cent over the next 20 to 25 years.

The CHAIR: Terrific. Deputy Chair.

Martin CAMERON: Thank you, Chair. Thanks for coming in this morning. Can you explain how it works? I, like a lot of us over the years, would see the people with the caravan roll in and park up and spend a couple of weeks. But nowadays they are becoming more vibrant communities. So if you can tell us about that, and also the capacity to expand, please.

Rod HEARN: Thank you very much. What are we? We are communities that are vibrant and active. They are made up of people who, some, still work; some do not work. These communities range from mixed-use parks through to residential parks through to residential land lease parks, take on various different formats and provide a multitude of differing facilities and amenities at different quality levels. You may be looking at

driving past the lifestyle park here next to the airport. That is a very solid, affordable product that goes out to market at around the \$300,000 to \$400,000 mark for a home. You move up and down that tier structure as you would in a hotel scenario, where you have 2-, 3-, 4-, 5-star. You know what you are paying and you know what you are getting for that, and there are different things you get as you pay more. It is the same type of tiered structure for residential land lease parks.

Demographic, demand and supply – let us just kick off on demand. It is driven by the demographic growth here in Victoria. We anticipate that by 2051 demographic growth demand, driven by knowledge of product and the opportunity to right-size downsize, will provide a figure of around about 184,000 as the quantity to meet that demand of this style of housing. Presently, where we currently sit, the ability to supply to that demand level is diminished massively. Where we currently are in conjunction with our current land supply, the regulatory conditions and also the market penetration, because we do not have as much on the ground as we would like to have, where we presently sit is that we need to hit, at those levels and with those constraints, about 78,000 of these homes to 2051 to meet that target, which is a constrained target. However, with the constraints on land and timeliness of the regulatory process, that figure is reduced by 45,000. We will be some 38,000 short; we will not be able to do it.

Our ability to supply homes on ground – I will put the horse at the front of the cart here. The inability to have the land, the time it takes to then obtain approvals and permits, and then the houses – houses are no issue. These homes are 12 to 16 weeks in the factory, built, put on the ground and ready to be occupied. YMH, Gervale and Fleetwood all have that proven capacity. We believe there is an estimated capacity that can be tapped into immediately per annum of 16,500 of these – that is without any upscaling – and that is because there are so many of these home prefabricators and modular home manufacturers in Victoria that are selling interstate. They are geared up, they are ready to go, and yes, of course, if demand was allowed to be let loose then we would be able to grow those businesses as the demand builds as well, because they can do what they can do now, but to make 184,000 homes in 26 years is going to require scaling up. So there is opportunity for labour. May I add one more thing?

The CHAIR: Please do.

Rod HEARN: Several of those manufacturers are located regionally. We have Wonthaggi, we have Yarrowonga, we have Bendigo and – I would have to look up the other one. Sorry, Echuca is the other. The vast quantum of those manufacturers are already regionally located.

The CHAIR: Fantastic. Do you have a question, Jordan?

Jordan CRUGNALE: Yes. Thank you, Rob, for coming along today. I have got quite a number of residential parks in my electorate, with more coming on line in the Clyde area and very strong advocacy from Jenny Lonergan and the committee of the manufactured homes owners association. I can see you have this here around the residential leases, so obviously there is reform happening in that space. What else does government need to look at to assist here?

Rod HEARN: I will go back to my initial point of the horse and the cart. The very first thing before any of this can happen is the homes will need land to go onto, and we are not even in a position where we would consider that the floodgates of land would open and every piece of land everywhere is available to put a house on, or some form of dwelling. The process presently that we encounter in Victoria is that at the review-of-approval stage it takes almost 12 months longer in Victoria than it does in New South Wales and Queensland. So the loss of time there certainly does not help.

I spoke with one developer and manufacturer yesterday who will continue to be a Victorian company, will continue to invest in Victoria and will continue to build in Victoria. His issue was the process and the time, and certainly his example to me, which he has told me before, was of a particular development in Nagambie that has been held up for 10 to 15 years now – approved, permitted, reversed, back to scratch. What he was letting me know was we have to start from the first point every time. So documents submitted – start again: ‘We need those documents again. We need another revision. We need another plan. We need another conceptual analysis.’ That is where the time and money go, which is where again I come back to the comparison to Queensland and New South Wales. Quote, unquote, from the person I spoke to yesterday: ‘What is the incentive for me to build here in Victoria?’

New South Wales and Queensland presently hold more than double – we have 18,000 homes; they hold up to 50,000. We do not have that because Hometown do not come here. They only develop elsewhere in Australia, particularly in Queensland and New South Wales. Ingenia are reviewing why they are here. We know Lifestyle are here – they are a Victorian company and a great company producing homes and great communities. Stockland – those businesses are investing on a drip-feed basis into Victoria. They are all wanting to get to the point of ‘Let’s build’. They understand the process is not simple, but they are disincentivised into coming here, which is why there is more going into New South Wales and Queensland. Certainly Queensland has been developing these types of communities for some time, but also now South Australia. Western Australia is now another favoured state. Some of the changes in process have sped up and actually identified the opportunity for developing more into mixed-use environments – so the caravan park that has some homes, as well as the residential land lease park.

In 2023 we did a survey of all our members asking if they would move to some more form of permanent accommodation to be available in their parks. Two out of three said yes, if there was an incentive to do it. And that is land that is ready now. That is land that has power, has sewer and has water. It has approval to have structures, dwellings and occupants. There are potentially thousands of those available now, on top of this number, bearing in mind the number I have given you is the uptake of a residential land lease home. It does not add in the home that has been left or sold or is being developed into two or three apartments. That number potentially can be doubled, plus a bit more, for its impact on housing supply into Victoria, noting also the major component of that 180,000 are all in the Melbourne metro area. If they are going to downsize, rightsize, sell their homes, whichever it is, and have the flat piece of land from which they can walk to wherever they wish to go to, which is regional Victoria, they will have to move. Consequently that number will incorporate significant outflow from the metropolitan areas to the peri-urban areas, of which, Jordan, you have got quite a few there.

Jordan CRUGNALE: Yes.

Rod HEARN: And also to regional Victoria.

The CHAIR: Absolutely. Daniela.

Daniela DE MARTINO: When you were saying it is taking a while and applications are going in, being approved and then going back to the drawing board, where is the blockage? Where is that happening? Is that at state government level, or is that local government authority level?

Rod HEARN: Thank you, Daniela. The most significant impacts to the process are whether the guidelines apply, which LGA interprets which guideline in which manner, which overlay is there, and we will go on to another 10 or 15 of those points. They are all are to be analysed and reviewed as to which pathway one of those will take. We have put together a series of recommendations for policy that we will be releasing next week, but some people have seen it already in draft format. One of those is to be able to standardise that process so that it is the same – you go to whichever council, you go to whichever area in Victoria, and you will be given the same guidelines. You will not have to re-work out: ‘Okay, am I speaking to Shepparton or am I speaking to Latrobe?’ You know, which one is it? Because they are – and we see this with regard to the acceptance of tiny homes as a residential opportunity, or a tenant opportunity in caravan parks, and also on the flip side of that, in tourism, as to the acceptance or non-acceptance of glamping tents. Some councils do, some councils do not, and so which way? With those companies I mentioned before, it is almost guesswork. It is: ‘Who are we seeing? What are we going to do? Which way will we go?’ Because we will need to have another meeting, because from this we will have some guideline of what we will actually need to do. So it is a mission of discovery.

Daniela DE MARTINO: Thank you.

Wayne FARNHAM: Thanks, Rod, for coming in.

Rod HEARN: My pleasure, Wayne.

Wayne FARNHAM: You have touched on a few things here that have got my curiosity piqued a bit. When you are saying they have got no incentive to be here in Victoria –

Rod HEARN: Minimised, yes.

Wayne FARNHAM: Minimised incentive. There have been a couple of things we have heard through this hearing – and I am probably going about this in a roundabout way. The land – you say there is a lack of availability. I am not quite sure of the zoning that would be required for this type of development, but if the land is part of the disincentive, if they are looking at land that has to be rezoned and that would attract a windfall gains tax, is that part of the reason why they are not coming here or part of the reason why they are saying, ‘We don’t want to invest because we’re going to get hit’?

Rod HEARN: I think it is one of the many parts, yes. In fact in our recommendations that is one of the items we consider, that to incentivise would be, if you are building housing, particularly at an affordable level, which will be regional, that you are exempt from that tax if you need to rezone, and if the council and planning permit the rezoning to occur.

Wayne FARNHAM: What is the actual zoning for this type of development?

Rod HEARN: I am going to take you on a little pathway here.

Wayne FARNHAM: Take me on a journey.

Rod HEARN: I will jump into a couple of these recommendations, because you can build a residential development in resi zoning. Now, you cannot necessarily build a caravan park there, which is what a residential land lease community and a mixed-use park often are registered for and are permitted for use, which is why, as Caravan and Residential Parks Victoria, I am sitting here, because we provide oversight to our members specifically to part 4A agreements under the *Residential Tenancies Act*, which are mobile homes, UMDs. That is what the definition of a residential land lease home is in normality. There are some developers and operators who are now building slab on ground. It can still be moved, but they are building residential villages. They are able to access residential. I will speak on Stockland’s behalf here: a lot of their planning process is in the communities they are building; inside that community is a land lease community. It is an integrated community and almost a society of its own.

Back to the pathway: how do we get access to that land? A couple of really simple things which I believe are at the stroke of a pen; it does not cost anyone any money, which we all like. It is amending the definition of a caravan park in the VPP so that it includes part 4A and part 4. By that amendment it will give access to residential land. Also, looking at the DFP, that would be permitting residential parks – I am sure there would be criteria required for that – to be identified as a priority sector for affordable housing. That would be sufficient to open access to other areas of land without targeting farming land or industrial zoning. That would be a massive step forward, because then it becomes, as it is, a home in a place where people can live a wonderful life.

The CHAIR: David.

David HODGETT: You touched on it a bit, but one of my questions was going to be around the attitude of LGAs towards caravan parks and the experience across Victoria, because my local experience is they are probably, with respect, treated poorly, if you like, and not really encouraged, and yet they are a part of the housing mix. The second question I was going to ask is: certainly the experience of some people I deal with is they have this feeling of insecurity. Sometimes they rent places, and they fear that they will get chucked out of a unit or a house because they do not own it, and there is this fear of always rents going up and getting kicked out. My experience is that is probably doubled or tripled in a caravan park because they see them as a temporary sort of thing, and so there is often fear of people taking that up as a housing option because of that uncertainty. And yet I think it is just a fear, because certainly some of the caravan parks I am aware of have been around longer than I can remember.

Rod HEARN: Thank you, David. I will address the first one, which will roll into the second one as well. Reputation and recognition of what a land lease community is, a residential park is, a mixed-use park is something that I think our entire community – and I believe at times within our own organisation and people we work with and members – struggles with. What are these? How do we have a reputation that is not one that is looked down upon? How do we get the recognition for what we are? There are LGAs where, if it is a residential community, it is: ‘No, we want a retirement village, thanks.’ There is a fair bit of difference between the two, and it is in that document that has been passed around. There is a lack of knowledge, understanding and recognition of what they are, and that is multiplied more so as to what they can provide.

On to the rent: we are regulated; we work, as I said, within the confines of the *Residential Tenancies Act*. We represent 380 caravan parks and around about 100-odd mixed-use and residential parks. All of those utilise a standard form agreement, and we are about to go through the process again with another government division assisting in how that is worded and restructured for changes in legislation. They work within that framework. Whilst we have training sessions and take them through what a rent increase is, how much you can have and how much you cannot have, there are nuances throughout each of the different operators that may have different add-ons to those agreements. They may be a deferred management fee, they may be an equity-sharing structure, but they are spelt out in the most definitive terms and also spoken about during the agreement to become – we will call them site tenants, because that is what the Act calls them, rather than residents. I do not like the word – it does not resonate well with me. But it does give security: this is what it is.

Now, I said how many we represent; there are operators we do not represent. There are operators who potentially are not using the agreements we have written in conjunction with consumer affairs. That is where I think perhaps we should be working on the reputation and focusing on getting everybody into this mould of, ‘We’re regulated, we have structure, we make a promise and keep it.’ I hope that answers it.

David HODGETT: Yes. How many new ones have opened in Victoria?

Rod HEARN: New ones are open. We have at the moment 6608 in development – that is homes – and pipeline. Of that number it is about 3500 under development, which means they are 20 per cent through, 40 per cent through. Working backwards on how long it took to get to 6608, it works out that we are able to, in present circumstances, do about a thousand a year, which is not going to take us near where we need to be to be able to add and assist in the supply.

David HODGETT: Thank you.

Rod HEARN: Thank you, David.

Martin CAMERON: With the make-up of the homes which you are building in there – I know the age demographic, 60 to 74 – are they just one-bedroom units? Can you see the demographic, because of the housing crisis that we do have in regional Victoria, having to be set for a family or someone that still needs a second bedroom? Is that part of the looking forward at what may need to happen?

Rod HEARN: In each of the homes there is a choice of design – one-bedroom, two-bedroom. We go up to three-bedroom in most instances, but I have been involved in bigger ones; I have been involved in two-storey ones. But the assistance for somebody to move in – there is the ability under the agreement to have somebody move in with you. You are responsible for them of course. Whilst the age bracket as the demographic that utilises this type of accommodation is at that position where people are selling something and are cashed up to buy, the reason it sits there is because presently none of the banks will lend other than at personal loan level to purchase one of these. If I could have my wish – if there was a lending position in place and we had, as they do in the US, through equity lifestyle, all-age communities – that I think would be a significant opportunity for our banking industry.

The CHAIR: We did have Bendigo Bank present to us in Ballarat, and we were talking about the Commonwealth Bank moving in terms of modular homes and stuff like that. But I think there is definitely scope within the banking industry for them to modernise.

Rod HEARN: Thank you, Juliana. That is really an important development for making this type of housing, which is straight-up 25 per cent cheaper than normal residential. They go down further, depending on the location you are in. But that is an incredibly powerful step toward triggering construction – prefab, stick-built, modular – and providing people with opportunities near where they live. We find very much with the age bracket we work with that they like to age in place. I think there is a note on that document that it is some 9 kilometres from where they have been living, because they know that area and environment.

Daniela DE MARTINO: That is their community.

Rod HEARN: Yes, that is their community. Whereas, opening this up to all ages, you will be bringing people into these communities. I think that is a great opportunity for our state.

Martin CAMERON: Do you provide a community centre for them in the development?

Rod HEARN: Yes.

Martin CAMERON: What are those community centres? What facilities are provided in the developments?

Rod HEARN: There is the clubhouse, which often has cooking facilities, a meeting space, lounge areas, pool tables, ping-pong tables. Many have a bar for happy hours. They can have their own functions in those. They often lie adjacent to the swimming pool. Some are indoor, some are outdoor, some have both. Next door to that you will find the barbecue area and the pickleball or tennis courts. As far as facilities go, that is normally in a hub area, depending upon the size of the community. Some of the larger communities, at 400 to 600, will have two of those. There is a lot of green space. There are a lot of areas to sit, relax and enjoy, as well as meeting places where you can play mahjong or do whatever you like. Darts is always big. There is opportunity for having that vibrant lifestyle. I did not mention the bowling green. A lot of these communities also have buses et cetera, because not everybody drives. They go off to another community, play bowls against them or whatever it is, and they do get out and about, identifying that it is not a place that is destined for the age when care is required. Through these activities, facilities and amenities it promotes that vibrant, active lifestyle for wellbeing, because we want everybody to enjoy life, there is no doubt about that. The people who come into these communities are looking to enjoy life. They have cashed out. They are going to travel or do something and see the family. They have, at their fingertips, the greatest opportunity, which is that they have choice. They can do something here or go somewhere else, but they have made the decision to have that.

The CHAIR: Rod, in this document you have provided us and in discussions we have had as well previously you have talked about the home owner benefits, including no stamp duty payable on home purchase, no council rates and that residents may qualify for Commonwealth rent assistance. Could you just talk through some of those, so we capture it on Hansard and people have an understanding? Because I think there is this view, and we have talked about it before, that caravan parks are what I think of as the 1980s caravan parks, as opposed to these really well made homes with driveways and the facilities you have just explained. Could you just talk a bit more about how you can own your own home yet qualify for Commonwealth rent assistance?

Rod HEARN: Thank you, Juliana. Rather than going into the detail of how the CRA is calculated, I will go through how you get there. By buying a home in a residential land lease community or residential park or mixed-use park, you are buying the structure, not the land. As a consequence you are paying a site fee – call it a rent – for that land. That provides the gateway to being able to apply for the Commonwealth rental assistance. Of course there are requirements to get that. We have a great proportion of those living in these communities and mixed-use parks receiving Commonwealth rental assistance. There are a lot of benefits to that for our home owners and there are a lot of benefits to the operators as well, because they are guaranteed income. So it works both ways. What they are receiving is – and I will pick a number, which is a fairly popular number around most land lease communities – about \$220 a week. As a couple they are likely to receive greater than 50 per cent of that in the CRA. So we talk about that affordability, and it is not only just the entry point; it is the affordable living that is permitted to these home owners.

The CHAIR: So why are these homes free from council rates?

Rod HEARN: The operator owns the entire lot, because they are renting each plot. So in their costs they pay for any fees, and they are not passed on.

The CHAIR: Other questions?

Martin CAMERON: Is it becoming more popular to set up this way?

Rod HEARN: Yes. It is becoming more popular. As a person living in a five-bedroom home or four-bedroom home, the kids have been raised, sadly the pets have all died, you are at that point of: what am I going to do? There are two of us, we are at this age bracket and we do not have a massive amount of superannuation. Our wealth is in our home. Do we want to move? It is a discussion that occurs across many, many dinner tables, and it is a very hard discussion to have for many people. But it is growing in popularity. I think there are around about – these numbers do not include a couple of states, but there are at least, I would suggest, close to 200,000 people living like this in Australia. We do not have great numbers because the ABS has not recognised

this sector and it has sometimes been conflated with the retirement villages and it is a mishmash – some years it goes up and some years it goes down. They have just revised that for the next census, so we are hoping to see some good numbers. On the side of investment, from my past lives I am well aware of multiple merchant banks, international investors – in the US, Asia and Europe – who are exceptionally interested in Australia and putting money into this.

The CHAIR: I am conscious of the time. What we are asking everyone who presents today, just before they go, is to provide us with three top strategies the Victorian government should be taking to ensure the supply and mix of housing. What are three takeaways you would like us to hear?

Rod HEARN: Whilst our submission does encapsulate recommendations for supplying homes, I think our picture is far bigger than the supply of homes. It comes down to land. I would rely upon the three items I have already mentioned, which would be the amendment to the definition in the VPP. It would be the recognition by the DFP that these two categories of part 4 and part 4A are recognised as priority sectors for affordable housing, and I would ask for a mandate to streamline the rezoning process.

The CHAIR: Terrific. Thank you very much, Rod, for making the time to be in Traralgon today to participate in this inquiry. If you would like to provide any additional information or responses to any questions taken on notice, please speak to the secretariat.

Witness withdrew.