



Manufactured Home Estates, Caravan Parks, Camping Grounds and Movable Dwellings – Consultation Draft

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We are city-shapers.

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About UDIA NSW

Established in 1963, the Urban Development Institute of Australia NSW (UDIA) is the peak industry body representing the leading participants in urban development in NSW. Our more than 450 member companies span all facets of the industry including developers, consultants, local government and state agencies.

We have a strong commitment to good growth in the regions, with active Chapters in the Hunter, Central Coast, and Illawarra Shoalhaven. Our advocacy is based on creating liveable, affordable, and connected smart cities.

Executive Summary

UDIA welcome the opportunity to comment on the Manufactured Home Estates, Caravan Parks, Camping Grounds and Movable Dwellings – Consultation Draft.

While the exhibited amendments have been touted as minor in nature, they will have an impact on development in NSW. And while UDIA are largely supportive of the proposed reforms it is important to ensure that the provisions are appropriately drafted to guarantee they have a positive impact for our state.

NSW remains in the grips of an acute housing crisis with development approvals and completions near record lows and rents remaining sky high as a result of record low vacancy rates. This is being further compounded by broader inflationary pressures which have resulted in escalating interest rates and come on the back of global supply chain pressures which resulted in escalating construction material costs over the past couple of years. This is all compounding making housing delivery in NSW extremely challenging at a time when our Government has signed us up to deliver more housing than we ever have built in this state, through the National Housing Accord target, of 377,000 new homes over the next five years.

Rising living costs and a decline in superannuation balances due to investment market losses in 2022/23 have further placed heightened financial pressures on many Australians especially our senior population. The ARC Centre of Excellence in Population Ageing Research (CEPAR) has reported that Australia's largest proportional population growth is expected in the over 65 age group. CEPAR's numbers show Australia's population aged 65 and over is projected to grow to 6.66 million by 2041 from an estimated 4.31 million in 2021, an increase of 54%. This will continue to exacerbate housing pressures across the entire market and particularly for older Australians.

Crucial to tackling this crisis is more housing supply but also greater diversity of supply to help bring down construction costs and ultimately the purchase price for consumers. UDIA members have been actively seeking to address these challenges by providing housing products under the Manufactured Home Estates, Caravan Parks, Camping Grounds and Movable Dwellings provisions. It is however clear that these provisions do not adequately support contemporary housing typologies such as Land Lease Communities (LLC) or long stay Manufactured Home Estates (MHE) and could benefit from a substantial update. These housing typologies are growing exponentially throughout Australia as more home buyers seek the lifestyle they offer and economic benefits that typically come with

'downsizing'. This in turn vacates a traditional home that contributes to easing of housing supply constraints. Due to these unique benefits, demand for LLC's is overtaking more traditional forms of retirement living, however the current regulatory environment in NSW is out of date and restricts land supply for the establishment of new LLC's.

NSW remains behind the other states and territories when it comes to promoting diverse housing typologies such as LLC and MHE. The intent of the exhibited changes is a step in the right direction, but UDIA makes a number of constructive recommendations to improve the draft policy provisions.

UDIA Recommendations

RECOMMENDATION 1 – The prohibition on MHEs within metropolitan Sydney under s153 of the Housing SEPP Amendment should be removed.

RECOMMENDATION 2 – Clarity is provided to ensure MHE's remain permissible and able to operate in the 'flood planning area'.

RECOMMENDATION 3 – Improve section 7 of the LG Amendment Regulation by making express reference to "manufactured homes".

RECOMMENDATION 4 – A new sub-section be included in Section 9 of the LG Amendment Regulation to permit minor changes to a community map without the approval of council.

RECOMMENDATION 5 – Allow a certificate of completion to be issued by private certifiers.

Permitting Manufactured Homes in Sydney

The existing prohibition on MHEs within metropolitan Sydney under s153 of the Housing SEPP should be removed. This prohibition was introduced to safeguard Sydney from unscrupulous operators and poor housing outcomes of a bygone era. The prohibition does not reflect the sophisticated operators and developers that are now operating in this space that includes large, listed corporations who are providing a product and lifestyle which is consistent with more traditional housing products.

The MHE and LLC are now the preferred choice of many home buyers, especially right sizers, as the product provides a higher level of amenity, community facilities, security, site up-keep and strong community feel than is provided in a typical build to sell product.

Furthermore, MHE and LLC are a means of better supporting the Government's ambitious housing targets under the National Housing Accord. Due to the nature of the product, the

homes can be built more quickly, to a high structural standard certified by a practicing structural engineer Reg and the servicing can be self-sufficient thereby avoiding further burdening already stretched servicing and infrastructure providers. In this way MHEs and LLCs can provide more homes, in more areas, faster and at a competitive and desirable price point.

RECOMMENDATION 1 – The prohibition on MHEs within metropolitan Sydney under s153 of the Housing SEPP Amendment be removed.

Permit the continued operation of MHEs in the 'flood planning area'

UDIA NSW respects the ongoing challenge to safely plan for communities subject to an increasing risk of natural disasters, including flooding. UDIA and our members participated constructively in the 2022 NSW Flood Inquiry and have largely been supportive of the final 28 recommendations. We continue to work closely with Government and all relevant agencies to ensure the recommendations are implemented in accordance with their intent.

The proposed drafting of sections 6(2)(d) and (5) in the LG Amendment Regulation however could lead to confusion as to whether manufactured homes can be installed within a flood planning area. This arises as the term “long-term dwelling site” used to reference long-term caravan sites could be misconstrued to also apply to MHEs. MHEs however can be built to a much higher engineering standard and mitigate the impacts from a flood event. In this regard they should not fall under the same definition.

We suggest that section 6(2)(d) is replaced with words to the following effect –

(2) A council must not grant an approval to operate a manufactured home estate or caravan park in a flood planning area unless satisfied of the following—

*.....
(d) in the case of a caravan park, no long-term dwelling sites will be located in a flood planning area.*

RECOMMENDATION 2 – Clarity is provided to ensure MHE's remain permissible and able to operate in the 'flood planning area'.

Approval to install moveable dwelling or associated structures

The Local Government (LG) Amendment Regulation proposes in section 11 to retain the current exemption to the requirement to obtain an approval to install a manufactured home under section 68 Part A & F of the LG Act.

Several criteria must be met in order to qualify for the exemption, including that a manufactured home is *“designed, constructed and installed in accordance with this regulation”*. If one aspect of the Regulation is not met and an objection to that requirement is upheld under section 82 of the LG Act, compliance may be open to challenge.

This is contrary to the approval to operate a MHE under clause 6 of the Current LG Regulation and section 5 of the LG Amendment Regulation.

The proposed section 7 of the LG Amendment Regulation will go some way to addressing this gap, but it could be further improved through the following suggested rewording:

7 Approval to install manufactured home, moveable dwelling or associated structure

- (1) *The council must not grant an approval to install a manufactured home or associated structure in a manufactured home estate or caravan park unless satisfied that the manufactured home or associated structure will be designed, constructed and installed in accordance with this regulation.*
- (2) *Before granting an approval to install a manufactured home, moveable dwelling or associated structure, the council must consider whether—*
 - (a) *development consent has been granted under the Environmental Planning and Assessment Act 1979, or*
 - (b) *the installation of the manufactured home, moveable dwelling or associated structure contravenes the Environmental Planning and Assessment Act 1979 or an environmental planning instrument.*
- (3) *This Subsection (2) applies to the installation of a manufactured home, moveable dwelling or associated structure on any land, whether or not in a manufactured home estate, caravan park or camping ground.*
- (4) *To avoid doubt, this section does not apply if an approval is not required to install a manufactured home or associated structure in a manufactured home estate under section 11 or 12 of this regulation.*

RECOMMENDATION 3 – Improve section 7 of the LG Amendment Regulation by making express reference to “manufactured homes”.

Minor changes to community maps without council approval

Amendments to community maps can be required to, for example, make minor adjustments to dwelling and camp site boundaries, the location of fire hydrants and the location of off-site car parking spaces. Currently any change, irrespective of its nature, scale or impact is required to be approved by council. This is an impost on council resources, is unnecessary and further contributes to a slow and overly complex system in NSW.

UDIA recommend a new sub-section be included in Section 9 of the LG Amendment Regulation to permit minor changes to a community map to be made without the approval of council.

We suggest that a new sub-section (5) is added with words to the following effect:

- (5) The holder of an approval to operate to may amend an approved community map without the approval of council, provided:*
 - (a) the changes are minor in nature and do not modify the boundary of the manufactured home estate, caravan park or camping ground; and*
 - (b) a copy of the updated community map is provided to council as soon as reasonably practicable after the changes to the community map are made.*

RECOMMENDATION 4 - a new sub-section be included in Section 9 of the LG Amendment Regulation to permit minor changes to a community map without the approval of council.

Private Certification of a certificate of completion

Councils are currently under resourced and overstretched resulting in delays across a variety of their functions, including the issuing of a certificate of completion.

There is currently no recourse for a proponent that is waiting for a certificate of completion to be issued, which is a pre-condition to occupation of a dwelling, while council staff are dealing with a backlog of applications, particularly in regional areas.

To streamline the final certification process, alleviate resourcing issues for councils and expedite the delivery of housing to market, consideration should be given to permitting private certifiers to issue certificates of completion.

The role of a local council in assessing a dwelling installation prior to issuing a certificate of completion is comparatively straightforward compared to the assessments that a private certifier must undertake before issuing an occupation certificate for a building under the EP&A Act. There is no reason why the role of a private certifier could not be expanded to include certificates of completion for manufactured homes.

Such a change would complement the reforms proposed under the Building Bill published by the Department of Customer Service which envisages introducing a role for private certifiers in the certification of prefabricated building work. Given this, it may be more suitable for a change of this nature to be included in "Phase 2" of the staged reform process.

RECOMMENDATION 5 – Allow a certificate of completion to be issued by private certifiers.

Conclusion

The phase 1 changes which are the focus of this submission are largely supported by UDIA subject to our recommendations outlined above being implemented.

Ensuring a modern, up to date and efficient framework for MHEs, Caravan Parks, Camping Grounds and Moveable Dwellings in NSW is essential to supporting a diversity of housing products and tourist destinations and encouraging investment in our state.

It is clear the regulatory framework has not kept pace with industry and society and the exhibited changes are a step towards a more contemporary system in our state.

UDIA looks forward to working directly with the Government on the phase 2 changes due to be developed in 2024 and exhibited later in the year.

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