

# **Written evidence submitted by the Park Home Owners JUSTICE Campaign [HOP 001]**

## **1. Management Summary**

1.1 The Park Home Owners JUSTICE Campaign (PHOJC) has been campaigning for a change to the 10% sales commission charge, with nothing added to the pitch fee, since 2014.

1.2 The purpose of this report is three-fold. Firstly, to bring new MP's and others up to speed with the history and current position of residential park home sales commission. Secondly to challenge elements of the Universities Report of 2022, and thirdly to recommend options for change, as the status quo is unacceptable.

1.3 Site Owners and their representatives are against any change to the current situation. Why would they want to change an above inflation windfall? Conveniently or otherwise, the original reason for the commission seems to have been forgotten over the years. Now it is seen as a form of income for site maintenance, when it was originally introduced as a form of compensation for retaining a used sold park home on a site, rather than replacing it with a new shiny one.

1.4 The Universities Report 2022 does an excellent job of identifying a lack of shared understanding between site owners and their representatives and park home owners. This led them to conclude that work was needed to explore the rationale of the commission and to clarify this rationale for site owners and home owners. Sadly, nothing has been forthcoming in this regard since the report was published. Where the Universities Report is less strong is in the request for, and interpretation of, total revenue and operating costs of site owners in an attempt to calculate perceived lost income of the current commission being withdrawn. They would have been better to ask for full accounts, or approach HMRC. Particularly when only 10% of park owners actually responded.

## **2. Who are PHOJC and what are they trying to achieve**

2.1 The Park Home Owners JUSTICE Campaign (PHOJC) is the only residential park home group to bring about a change in two major laws. It successfully stopped sale blocking by site owners in 2013 and achieved a statutory change from RPI to CPI in respect of "pitch fees" increases in 2022.

2.2 PHOJC was founded in 2009, by Sonia McColl OBE, and it continues to forge ahead and push the boundaries to procure CHANGE, JUSTICE & FREEDOM for all residential park home residents. It has been campaigning for a change to the 10% sales commission charge, with nothing added to the pitch fee, since 2014.

## **3. Why is this report being produced**

3.1 This report attempts to provide newly appointed MP's and readers new to this subject with the background and context for change. It also challenges parts of the Liverpool / Sheffield Universities report published in 2022.

3.2 Additionally, this report challenges the government of the day in continuing to allow

the status quo, which only benefits park owners. It makes recommendations based on facts, to benefit both residential park home owners and park owners.

#### 4. How has this report been produced and who has been consulted

4.1 This report has been produced using Average House Prices from the Halifax Building Society; Inflation figures from The Office of National Statistics; Questionnaire Responses from PHOJC members; Hansard for previous debates on Commission; the Commons Library for publications.

#### 5. PHOJC response to the Universities Report

5.1 Despite the refusals to address this campaign by many Housing Ministers over the years, it was finally agreed to research this subject, which resulted in the Universities report published in June 2022.

5.2 One of the statements that stand out in this report is the 'percentage of parks already running at a loss,' suggesting that number would increase if there was any reduction in the rate of commission. Nowhere in this report was the meaning of 'a loss' explained.

5.3 The Universities research, which took place in 2021, surveyed sites in England but received less than a 10% response from site owners, which is hardly a robust sample.

#### 6. What is the sales commission and why does it exist?

6.1 On the re-sale of a park home, the new occupier is required to pay the Site Owner a commission at a rate of not exceeding that prescribed by the Secretary of State (see para 8.1), currently up to 10% of the purchase price of the home. This means the amount the seller receives from the purchase price for their home is reduced accordingly to take account of the commission the buyer will have to pay to the Park Owner.

6.2 Initially the payment of a commission to the site owner was classed as compensation under the 1975 Act, as a home is sold with a guarantee of tenure to the buyer.

6.3 Different justifications for the commission have been documented. The general justification is that what is sold is a combination of the value of the park home and the value of the site on which it is placed. Without the pitch/site location, the park home may be valued at a lower price for resale. Arguably, it is also considered by some, to be a compensation payment to the park owner for the continued loss of the use of the land on which the homes sit, so it is part of the price for the security of tenure given to the park home resident.

6.4 The British Holiday & Home Parks Association Ltd (BH&HPA) is the Trade Association representing the interests of Site Owners. It has been providing a different explanation for the commission for a number of years. Contained in this document, first published in April 2015, was the question: "Will I have to make any other payments?". The answer provided was "Yes when you eventually sell the home. A maximum 10% commission is payable to

the park by your buyer when you sell your home. This payment, made later by your buyer when you sell, allows the initial purchase price and pitch fee to be set lower than would otherwise be the case.” The initial idea that the commission was compensatory for providing security of tenure had been overwritten by: “The commission payment saves you money on the purchase of the home.” Interestingly, this statement was removed from the BH&HPA web site in July 2024.

6.5 It appears, from information received, that many site owners, when questioned, state that without payment of this commission they would have to cut back on the maintenance of the site and would not be able to make any improvements in the future. This is echoed by similar statements made in the Universities Report.

6.6 So the view of many site owners is that the commission paid helps to cover the cost of site maintenance and improvements, not to recover discounts given at the time of initial sale. With all these conflicting ideas it is no wonder that Park Home Owners question the need for the commission.

## 7. What is the history of the sales commission

7.1 In the 1960s the Park Owner was under no legal obligation to allow the home to be sold on the pitch, but some agreed to do so in return for a commission. The rate was typically around 20%.

7.2 The Mobile Homes Act 1975 gave all Home Owners the statutory right to sell their home on the pitch, and in return, compensated Park Owners for requiring them to grant security of tenure by introducing a statutory right to commission which was initially capped at 15%. This was reduced to 10% by the Mobile Homes Act 1983; it has remained at this level ever since.

7.3 The Bill that resulted in the 1975 Act being introduced was promoted by Tom King MP. He represented the constituency of Bridgwater from 1970 to 2001 and now serves as a Life Peer as Baron King of Bridgwater.

7.4 The Mobile Homes (1983) Act came into force on May 20<sup>th</sup>, 1983, with the maximum commission reduced to 10%. For over 40 years this maximum commission figure has not been amended.

## 8. Who can make the change

8.1 In the Implied Terms of Written Statements issued before May 26<sup>th</sup> 2013 are the following: Where the occupier sells the mobile home, and assigns the agreement, the owner shall be entitled to a commission on the sale at a rate not exceeding such rate as may be specified by an order made by the appropriate national authority. An order under this paragraph a) shall be made by statutory instrument which (if made by the Secretary of

State) shall be subject to annulment in pursuance of a resolution of either House of Parliament and b) may make different provision for different areas or for sales at different prices. The maximum rate is currently fixed at 10% by the Mobile Home (Commission) Order 2013 (S.I. 2013/981).

8.2 Written Statements produced after May 2013 have more simplified terms. The new occupier is required to pay the owner a commission on the sale of the mobile home at a rate not exceeding such rate as may be prescribed by regulations made by the Secretary of State. The Secretary of State may by regulations prescribe procedural requirements to be complied with by the owner, the occupier or the new occupier in connection with (a) the sale of the mobile home and assignment of the agreement; (b) the payment of commission by virtue of sub-paragraph (5).

8.3 In both of these examples of the Implied Terms, it is the Secretary of State who can bring about changes to the rate of commission payable. The Statutory Instrument (S.I. 2013/981) can be replaced with a new Statutory Instrument and make different provisions for different areas or for sales at different prices. This is what PHOJC has campaigned for since 2014, a change to S.I.2013/981.

## 9. Is 10% sales commission still justifiable

9.1 In terms of justifying the payment of the commission to the site owner, do the reasons given by them still apply in 2025? Let's assume that over the last 30 years the resale prices of Park Homes have followed the House Price Index, what commissions are payable?

9.2 Since the 1990's the average price of a home in England has risen by 363%. Therefore, a resale park home purchased in 1995 for £50k would probably be offered for sale for £185k-£190k today. This would have given the site owner a commission of £5k in 1995 and £18.5k-£19k today.

9.3 Is the 10% commission payment, if made to cover the costs of running and improving the site, vindicated by inflation in the same period? If the site owner received £5k in commission for a sale in the mid-nineties (1995) and the amount of commission he would need to receive in 2025 to keep up with inflation would be £9,987, basically if this home sells for a sum in excess of £100k the commission payable exceeds inflation.

9.4 If the BH&HPA statement is considered, then there has to be an assumption that any deferred sum offered on the original sale was recovered by the £5k commission that was paid in 1995. Future purchasers have never benefited from any deferred payment from the site owner so if the BH&HPA statement is correct no further commission is due from any assignment of the contract.

## 10. What sort of change

10.1 The simplest change is to the maximum percentage of commission.

10.2 A suggestion that the commission is only payable on the difference between the purchase price and the selling price has been promoted in the past. However, this could prove unfair to those who have owned their home for many years, and to those who have

added value to a home using their own funds, which result in a higher sell price being obtained.

10.3 The suggestion of a fixed commission can also be considered, again homes sold at a lower price than average would pay a higher percentage of the sale value in commission. However, any added value improvements made by the home owner are protected by a fixed commission.

10.4 So maybe consideration should be given to a stepped commission similar to Stamp Duty. For example:

Sale Price up to £125,000 Commission payable Zero  
The next £125,000 Commission payable 5%

The next £125,000 Commission payable 7.5% Over £375,000

Commission payable 10% So:

A home selling for £100,000 would pay zero in commission (currently £10,000).

A home selling for £200,000 would make a 5% payment on £75,000 (£3,750) (currently £20,000).

A home selling for £300,000 would make a 5% payment on £125,000 (£6,250) and 7.5% on £50,000 (£3,750) total £10,000 (currently £30,000)

The above rates are examples on how stepped calculations have a greater percentage savings on lower home prices.

## 11. What do residential park homeowners say

11.1 PHOJC have surveyed numerous Home Owners to gather their thoughts on the question of the commission payable if they sell their home. A few examples of the responses received are:

11.2 “My worry is that the park owner has no incentive to be nice to people. Our owner has verbally abused people on our site and they have been so frightened they sell up and he then gets 10% of selling price as a reward”

11.3 “Park site owners and their representative body want to use this spurious argument about the need to protect the [10%] sales commission on the basis that it is required to keep them financially afloat. Since when has the legitimate purpose of legislation been to protect the financial interests of businesses?”

11.4 “I would move tomorrow if I didn't have to pay the 10% to the park owner. We cannot afford to lose over £21,000 and still buy somewhere we would like. I know so many people who feel the same. It's a shame really, I like our park, it's beautiful. But I would still leave.”

## 12. What do others say

12.1 It will not surprise anyone that Site Owners and their representatives are 100% against any change to the current situation. "We will have to cut back on maintenance" is often heard along with "we will have to increase pitch fees to compensate for the loss of income."

12.2 Following the 2024 General Election, PHOJC invited their membership to write to their newly elected MP about the campaign. This was to bring about changes ~ not only to the commission payments, but also to other aspects affecting Park Home Owners' quality of life. Many of the elected MPs were new to the House and no doubt had little knowledge of the Law regarding Park Homes or the history of the PHOJC campaigns.

12.3 A good selection of MPs responded to their constituents. However, as these replies were forward to PHOJC, it became apparent that the wording of the responses were almost identical.

## 13. Conclusions

13.1 Given the different ideas concerning the purpose of the commission payment on resale of a home, it is obvious that the original purpose of this payment has been forgotten. The 1975 Act introduced the commission payment to compensate site owners who no longer could insist that a home be removed from the site, or demand payment from the home owner if they wanted to sell it on the pitch.

13.2 The 1983 Act reduced the maximum commission payable by 5% (to 10%). This must have affected site owners again. At the time, their business plans would have included irregular receipts of commission at 15% of the sale price. It appears there was no compensation scheme to cover this reduction of future income.

13.4 The last 30 years has seen a sharp rise in the resale price of Park Homes as demand grows from an ageing population. A 270% increase in resale prices has resulted in an increase of the same percentage in the commission received by site owners, while inflation measured over the same period has increased prices by approximately 100%.

13.6 Take away the carrot and most rogue operators will move to pastures new. The BH&HPA's explanation of the reason for the commission is flawed. Even if it is accepted that the original purchaser is offered a lower than market price for a new home (on the understanding that a 10% payment is given to the site owner on resale), this idea takes no account of the fact that another 10% is payable by the second owner if they resale, yet they have paid the market price for the home and have not received any discount.

13.7 Now is the time for a change to the commission payment. It has attracted rogues into the industry because of the increases in the value of homes, this means an above inflation rewards for their actions

13.8 Most home owners want the commission payments scrapped in full with no increase in the pitch fee, while site owners plead poverty if it is to be reduced.

13.9 Is there an answer to these two different stances? The idea of a stepped commission similar to Stamp Duty is attractive, but still means the home owner losing part of their equity. But it would be easier to increase the asking price by £10k to cover this than to increase it by £30k.

13.10 Consideration could be given to a stepped commission rate (outlined in section 10), but paid by the buyer just as a buyer of a standard home must pay Stamp Duty from their own funds. The site owner still receives commission but more in line with inflation. The buyer receives security of tenure by making this payment and the seller receives 100% of the agreed sale price. And with no windfall of income the rogues will move on.

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