

P-04-519 Abolition of Park Homes Sales Commission – Correspondence from Peter Black to the Chair, 18.12.13

Thanks for the letter concerning the commission payable on the sales of Park Homes. This provision was not on the face of the Mobile Homes (Wales) Act 2013 nor any of its predecessor legislation. It is a matter for the Minister who can vary the commission rate through secondary legislation using the negative procedure. As I understand it the last UK Government carried out a consultation as to whether the commission should be abolished but took no action as the responses were inconclusive.

The commission forms an integral part of the economics of Park Homes and is payable because the site owner retains ownership of the pitch. The Park Home owner owns the home itself and pays a monthly fee for the use of that pitch. In that respect the arrangement is unique in land law but of course mirrors the situation in the holiday sector where the caravan owner pays to park his or her caravan on a particular site. I believe that in both instances a commission is payable if the caravan/mobile home changes hands so as to cover the costs of the site owner. Ten per cent is of course a maximum commission rate but I am not aware of anybody who charges less.

I did not tackle this issue when taking my own legislation through as it seemed to me to be peripheral to the main thrust of the bill, namely to put in place a suitable licensing regime. It is also my view that if the commission was abolished then site owners would raise pitch fees to recover their loss. This would penalise the many elderly and vulnerable residents living in mobile homes on fixed incomes. It struck me that this was a danger that needed to be avoided and that we would not be able to sustain a challenge to the requirement only to increase pitch fees in accordance with CPI if site owners lost such a substantial source of income.

Of course this is a matter for the Minister not me, and he will have to take all these factors into account. I hope that is helpful.

Peter

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