

# Land lease, what does that mean?

---

Land lease communities are quickly becoming a popular option for working or retired (full or semi) people over 50 that can not only increase financial freedom but because they also provide a secure gated environment with a range of resort style facilities for use by residents only.

## What does 'land lease' mean?

In simple terms, you buy your home and lease the land. When you move into an Edenlife community, your purchase agreement (Residential Site Agreement or RSA) grants you the right to occupy your 'site' and use all facilities with the Edenlife community for a weekly fee.

Entering into an agreement of this type allows us to offer more affordable purchase prices for your home as you are not paying outright for the land. Edenlife covers taxes, settlement fees and any ongoing costs of land ownership.

## Legislation

Your RSA is governed under the Residential Parks (Long-stay Tenants) Act 2006 and the Amendment Act 2020. The Acts govern site agreements, such as that between Edenlife and the residents who purchase a 'movable dwelling' and rents the land on which the dwelling will sit. Homes in Edenlife Communities are all movable dwellings as they can be moved to a different location.

## What is the term of the lease?

The first leases are for a term of 60 years. Each subsequent change of ownership will include the balance of the lease. For example, if you choose to sell your home after 10 years of occupying the site, the new owners will take over your lease with 50 years remaining. Your obligations and lease conclude once your home is sold.

## Site fee

Under the land lease model, you pay a site fee (fortnightly direct debit) to Edenlife. Because you don't own the land, you aren't responsible for paying any of the costs associated with land ownership, ie. council rates, water rates or stamp duty. The site fee is reviewed on 1 July each year with any increase capped at 3.5% p.a.

## Deferred management fee

Many land lease communities charge a deferred management fee (DMF) when you sell and it can be as high as 30% of the sale price of your home. Edenlife Communities charges NO deferred management fee and any capital gain you make when you sell your home is 100% yours to keep.

## Security of tenure

The Residential Site Agreement secures your lease on the site on which your home is located for a period of up to 60 years, as specified in your site agreement. This agreement remains protected and in force even if the ownership of the community changes.



## Advantages of land lease over owning your own land (freehold)

	Land lease	Freehold
Stamp duty	✗	✓
Council rates	✗	✓
Water rates	✗	✓
Rent assistance* <small>* Centrelink eligibility criteria applicable</small>	✓	✗
Conveyancing fees* <small>* when selling your home</small>	✗	✓

### The home

Because you own the home, you are able to make modifications. There are some community guidelines that need to be referred to which have been put in place to maintain a suitable overall community aesthetic to ensure that the value of each resident's home is not negatively affected by the modifications to another. It is the responsibility of the homeowner to ensure that any modifications comply with council regulations and includes seeking building approval where required.

### How do I know if I'm eligible for rent assistance

As you pay a site fee, and if you are a pensioner, you are more than likely entitled to Commonwealth rent assistance. We can provide you with a letter for Centrelink to make the process as smooth as possible. If you would like more information on rent assistance, please visit the [Services Australia](#) website.

### What happens in the case of a deceased estate?

Depending on your will, the home can either be sold (with all profits going to your estate) or a family member may wish to enter into a new site agreement and move in, however they would first need approval by the Community Manager.

### Land lease communities are NOT retirement villages

They do not operate under the Retirement Villages Act. They have different ingoing, outgoing and ongoing costs and various types of agreements. A retirement village can charge a deferred management fee in the vicinity of 30-40% of the sale price along with the added burden of making you refurbish the home at your own cost when you sell. In comparison, an Edenlife lifestyle community offers a very affordable option to people looking to downsize as there is no deferred management fee, no requirement to refurbish prior to selling and only one standard agreement that is the same for everyone.