

Manufactured Homes (Residential Parks) Amendment Bill 2024

Submission No: 1
Submitted by: Halcyon Greens Rent and Affordability Group
Publication: Making the submission and your name public
Attachments: No attachment
Submitter Comments:

Dear sir,

Have reviewed the proposed amendment documentation that was submitted to Parliament last week. There appears to be an error in clause 15 where words are missing, that are included on the companion explanatory notes.

The following identifies the issue:-

(2) Section 69B—

(1A) Despite any basis stated in the site agreement for increasing the site rent, the park owner must not increase the site rent by more than the greater of the following percentages :-

(a) the CPI increase.

(b) 3.5%.

Housing Department Explanatory Note - This means that despite any increase basis or terms provided for in a site agreement, a general increase in site rent cannot exceed 3.5% or CPI where CPI is higher than 3.5%.

It's the last few words (in red) from the explanatory note that are missing from the amendment document. Only a small error but it means homeowners (Age Pensioners) will be subject to 3.5% rent increases, even if inflation (CPI) shows little or no growth.

Accordingly, it would be appreciated if you could move to reinstate the omission into the amendment document on behalf of the manufactured homes communities please.

Also

Our preference is to take the peaks and troughs out of the equation, by using the Average CPI growth in the previous 12 months

The reason being to avoid maximum and minimum figures (that we got with a 7.4% CPI rise in March 2023) whilst still ensuring that :-

- 1) Minimise Homeowner affordability concerns
- 2) Enhance the predictability of business growth for the Park Owner
- 3) Whilst still assuring cost recovery for the park owner

d) Continue to protect and support both Homeowner and Park Owner capital investments

As this suggestion considers reducing both Peaks and Troughs in CPI, it is considered to be a win-win situation for both homeowners and park owners.

Halcyon Greens has already made a submission to the Local Member of Parliament, to the Housing Minister and to the Deputy Housing minister. The attached email identifies an issue we believe is in error. Our view is that the new limit of :- (a) the CPI increase. (b) 3.5%. Just covers increases in CPI beyond 3.5% as identified in the explanatory notes (red Text), and is missing from the legislation proposal. Housing Department Explanatory Note - This means that despite any increase basis or terms provided for in a site agreement, a general increase in site rent cannot exceed 3.5% or CPI where CPI is higher than 3.5%. For CPI increase below 3.5%, our existing rent review criteria prevails and we have 3 different site agreement with individual criteria :- CPI + formula, and more often than not the formula is not relevant CPI or 3% whichever is Greater CPI or 3.5% whichever is greater. Also, Our preference is to take the peaks and troughs out of the equation, by using the Average CPI growth in the previous 12 months. The reason being to avoid maximum and minimum figures (that we got with a 7.4% CPI rise in March 2023) whilst still ensuring that :- Minimise Homeowner affordability concerns Enhance the predictability of business growth for the Park Owner Whilst still assuring cost recovery for the park owner d) Continue to Protect and support both Homeowner and Park Owner capital investments