Manufactured Homes (Residential Parks) Amendment Bill 2024

Submission No:	13
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TO WHOM IT MAY CONCERN,

MANUFACTURED HOMES AMENDMENT BILL 2024

1. Removal of the Market Rent Review as a method of increasing site fee rent increases. Limits the ways in which Park Owners can increase rents with the removal of the Market Review as an option. I am in complete agreement with this.

2. Capping the annual general site rent increase at the higher of CPI or 3.5%. CPI definition is "the weighted average of eight capital cities all groups consumer price index" which more closely aligns with changes to the aged pension. I am concerned about this wording as I believe that this does not give the certainty about site fee increases that are required. – How can a cap of 3.5% be in place when a higher CPI will override it? No protection from high inflation as Park Owners are not affected as homeowners are by CPI rent increases, costs of medicines, Doctors, insurance, etc. – the CPI component must be removed. Pensions have only risen by more than 2% annually once in the last decade (in 2022 because of inflation increases pensions rose by 4%). Why should any increase only be spent on site rent to companies making massive profits? I feel that the increase should be capped at 2%.

3. A Comparison Document for residential parks like that used for Retirement Villages. I agree with this proposed amendment as it will provide transparency for homeowners when choosing a park.

However, I am unsure how this will be managed by the RSU with its current resourcing.

4. Simplification of the Sales Process – new site agreement for the buyer rather than assignment – this is what is happening in most cases now (74% new vs 26% assigned). However, if the seller and the buyer request assignment the Park Owner cannot reasonably refuse this request. The assignment process is, however, available for transfer of the home to a family member or other party living in the home but not listed on the current site agreement. I do not agree with this proposal as part of the confidence in buying into a residential park is knowing exactly what the site fee is and has been. The issue of a new site agreement allows the park owner to increase the rent with every sale, causing disharmony, as homeowners discover they are paying higher fees for the same product. Also, there is still no incentive for the park owner to sell the property quickly as the rent is still being paid until the property is sold.

5. Buy-back Scheme – this clause seeks to help in two instances – the death of the homeowner or the homeowner moving into care. I do not agree with the clause on three levels. • The timeframe of 18 months (about 1 and a half years) from opting into the scheme is too long also requiring vacant possession. • The scheme removes the choice of selling agent. • The decrease in site fee after six months is only 25%. There is no incentive for the Park Owner to expedite a sale as the rent is still being paid. However, the Park Owner may not use Section 71 (increase site fee rent to allow for unexpected expenditure) to facilitate the buy-back of a home

6. Registration – All parks must be registered with the Regulatory Services Unit (RSU) – those on the register at the present time are considered to be registered. There is an exemption for smaller parks. Yes I agree that all should be registered.

7. Regulatory Services Unit (RSU) will have increased powers to ensure compliance with the legislation. Residential parks have unique features leading to market failures that adversely impact on homeowners, justifying strong regulatory intervention. RSU will have power to change regulations in consultation with stakeholders in order to respond to changing economic and market conditions. This is all good as long as there is transparency.

8. Maintenance & Capital Replacement scheme (MCR) – this will ensure that the communal facilities and infrastructure remain in usable condition. Because a significant proportion of the manufactured home's value is attributable to its siting in the park and the facilities of that park, this scheme will provide homeowners with confidence that their home retains its value. Park owners are required to provide a copy of the approved MCR to the Homeowner Committees (HOC) at no charge. Homeowners may request a copy but there may be a charge. I am unsure at this stage what this means for parks where there is not HOC in place. I feel that there should be a time limit and input for repairs and maintenance.

9. Methods of payment of site fee rent - homeowners must be given multiple site rent payment options. This clause will come into effect

for new site agreements on royal ascent. For existing Homeowners, the Park Owner has 12 months to introduce this change. This would be extremely advantageous especially for older residents of these parks.

10. Review of Amendments – the Minister has given a commitment to review the legislation in three years. Park Owners may request a review after two years. Great initiative.

11. Dispute Mechanism – QCAT remains in place with added resources. I am not sure that QCAT is the correct forum to hear and make decisions about disputes as their decisions are not binding. A promise was made to establish a new entity like an Ombudsman, and I would like to know why this has not happened. In the meantime, however, given that most cases brought before them deal with excessive increases because of the Market Review, it would be expected that there would be a lower volume of cases, therefore a more expedient process.

ADDITIONAL C-RIS RECOMMENDATION IGNORED An additional C-RIS Government recommendation has been ignored - The Act should be amended to resolve any ambiguity around retirement village-style exit fees and clarify that such fees are prohibited. Why was there no action on this? There are homeowners with this type of exit fee (disguised as a communal refurbishment fee) already in site agreements which demand thousands of dollars as exit fees. When the Parks were sold, the new owners refused to remove this clause, but continued to advertise that their villages have “NO EXIT FEES” – for new site agreements.

WHAT IS NOT CHANGING AND SHOULD BE? Section 71 should be deleted – where site fees increase can be attributed to a significant increase in running costs. Note: the park owner only has to give notice to at least 4 sites, and, if 75% of them agree in writing, the increase proceeds. If they do not agree, then the Park Owner can implement the dispute mechanism (QCAT). However, the park owner cannot use the buyback scheme to justify site fee increases.

Dispute mechanisms – paying increased rent until tribunal rules. All should be on hold until a decision. QCAT is not the right forum, and an ombudsman must be appointed.

Section 99A – needs to be clarified – renters should only be paying for usage – not infrastructure eg service and access fees. Some parks do not display utility bills and refuse to allow homeowners to view them, so how are homeowners to see that the Park Owner is not charging more than is being charged. SO, WHAT SHOULD YOU DO? The Minister and the Chair of the Housing, Big Build and Manufacturing Committee are committed to having the Bill passed and for it to receive royal ascent as quickly as possible.

After 2 years of AMHO's intense lobbying finally the Manufactured Homes Amendment Bill has been introduced to Parliament. I have noted my submissions on the matter as above in red print, and hope that my views will be taken into consideration.

Your Thankfully

Kerryn Horne