

## Manufactured Homes (Residential Parks) Amendment Bill 2024

**Submission No:** 17  
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**Publication:**  
**Attachments:**  
**Submitter Comments:**

## **Submission to the Housing, Big Build & Manufacturing Committee - April 2024**

### **Improvements in Protection**

The draft Manufactured Homes (Residential Parks) Amendment Bill 2024, presented to parliament on the 21st March, certainly provides a more balanced and improved protection for home owners. Overall, it's a big improvement on the current legislation and deserves the full support of homeowners, except in the areas listed below.

However there are some areas that have not been addressed at all in this Bill. These should be addressed along with the current proposed amendments.

### **Affordability of Site Fees**

The first issue I have is the long term affordability of living in these lifestyle/residential parks. During the early development of the many lifestyle/residential parks, there was a tendency for park owners to use low site fees to attract house sales. With these low site fees Park Owners were able to make the affordability of this lifestyle look very attractive to potential buyers. Park Owners knew that the legislation gave them the ability to increase the site fees well above the CPI at set intervals, thus compensating them for these early lower fees.

This, of course, has had a very negative impact on the many homeowners who are on low or fixed incomes. However this strategy proved very effective in developing the industry, to where it is today. Because of this rapid growth, homeowners who have found themselves in the situation of being unable to afford to continue living in these villages, have at times been encouraged to sell and move on without regard to their wellbeing. Because of the huge demand for lifestyle/residential park homes at the moment, Park Owners are able to quickly sell any vacant homes.

Few would argue that the very successful development of the States Residential Parks over the last couple of decades has had many benefits including, providing more housing on a smaller footprint, an excellent lifestyle for tens of thousands of Queenslanders, while at the same time providing a profitable sound business for the many residential park owners.

From a Home Owners point of view, to properly establish the affordability of residential parks, a time frame of 5 to 10 years needs to be used as the basis of any calculation. To this end, the national CPI index over the last 10 years (2014 to 2023) has risen at an average rate of 2.6% per annum. Interestingly this is within the Reserve Banks ideal target range of 2 to 3%. In the draft amendments proposed, clause 15 (2) Amendment of s69B (Restrictions on increasing site rent under site agreement), which in effect proposes a minimum annual site fee rise of 3.5%.

Had this been implemented in the years 2014 to 2023 it would have effectively reduced affordability over the period, by a very significant 14% above the CPI. In other words home ownership would have become 14% less affordable. I'm sure most homeowners would be horrified at that figure, and would question why Park Owners should be given such an increase in revenue with little or no justification. So I believe this to be totally unacceptable, especially in light of the fact that the legislation also provides Park Owners with the opportunity to increase site fees above this minimum 3.5% or CPI.

If there can be any justification at all, for setting a minimum annual site fee increase, then it certainly needs to be set within the Reserve Banks target range of 2 to 3%. Therefore if a minimum percentage needs to be included in the legislation to appease Park Owners, I suggest setting it at the mid point which is 2.5%.

Again interestingly, had this 2.5% figure been applied over the last 10 years it would have resulted in a 7.6% increase in revenue above the CPI, to Park Owners. Never the less, this level of increase could keep residential park living affordability, within an almost tolerable range. The long-term sustainability of the industry will be jeopardized unless it is maintained at or below this threshold. Setting it at such a level would also encourage park owners, to set site fees that reflect the true cost of providing all the parks services and site rents to homeowners.

Regardless of these proposed amendments, the growth of this industry is certainly likely to continue given Australia's current demographics, and the popularity of this lifestyle. However it would be very unfortunate if low and middle income earners continue to be attracted into these potential stressful traps. Governments need to be very mindful of not allowing this to happen, or it could become a really big issue in the coming decades.

### **Who is the Park Owners representative**

One issue that has recently caught my attention is the lack of clarity regarding the authorized Park Owner individual who is required to respond to the Home Owners Committee in accordance with Section 103 (Park owner to respond to complaint or proposal) of the Manufactured Homes (Residential Parks) Act 2003.

The current legislation lacks specificity in identifying this responsible individual, leading to confusion, delays, and frustration in obtaining a prompt response. To address this issue, I suggest amending the act to stipulate that the Park Owner must annually nominate and provide, in writing, the name and complete contact information of the authorized person to the elected Home Owners Committee.

By implementing this amendment, we can ensure a more efficient and effective communication process between the Park Owner and the Home Owners Committee, ultimately enhancing the overall operation and management of residential parks.

### **Compliance with the act**

One area of concern that has been on my mind for quite some time is the current legislation that lacks the necessary power to ensure that Park Owner contracts and agreements comply with the Manufactured Homes (Residential Parks) Act. Many residential park contracts and agreements contain clauses that, if challenged in court, would likely be deemed invalid. Unfortunately, there is currently no provision within the Act to enforce compliance. Some of these breaches pertain to the personal rights and freedoms of individuals, which, if used inappropriately, could be seen as intimidating.

Challenging any inappropriate language in a purchasing contract or site agreement is not only costly and time-consuming but also likely to be counterproductive in a market where there are more buyers than sellers. It begs the question: why would Park Owners include such clauses in their contracts and agreements without a clear purpose?

Submission by: P Fleming

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