

## **Manufactured Homes (Residential Parks) Amendment Bill 2024**

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**Submitted by:** Ingenia Bethania Homeowners Association  
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# **The Manufactured Homes (Residential Parks) Amendment Bill 2024**

**Submission to the Queensland Parliament  
Housing, Big Build and Manufacturing Committee.**

**This submission is provided to the  
Parliamentary Committee by**

**The President  
Homeowners Association  
Ingenia Bethania Lifestyle Village**

**Contact information:**

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**Position: President of the Homeowners Committee.**

**On behalf of: Ingenia Bethania Homeowners Association.**

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## **This submission consists of**

1. A brief history of rent increase under the current provisions in the Manufactured Home & Residential Parks Act 2003.  
Where the base for calculating increases in site rents included a supplementary 2% + Market Rent Review (MRR) every 3 years (average >12%) added to the CPI increase illustrating the cumulative this had on the affordability of site rents.
2. A demonstration of the unfair level of site rents levied by the park owner to cover the (undisclosed) costs of running and maintaining a manufactured homes park. This determination of actual running costs was achieved by calculating the amount of dollars raised through site rents as compared to the actual (estimated) costs of running such a park.

### **This submission relates to:**

**Category 1:** Affordability and Fairness of Site Rent Increases.

#### **Reference:**

Page 42 of the Manufactured Homes (Residential Parks) Amendment Bill 2024.

Clause 15: Amendment of S 69B (Restrictions on increasing site rent under site agreement).

(2) Section 69B- (1A) and (1B).

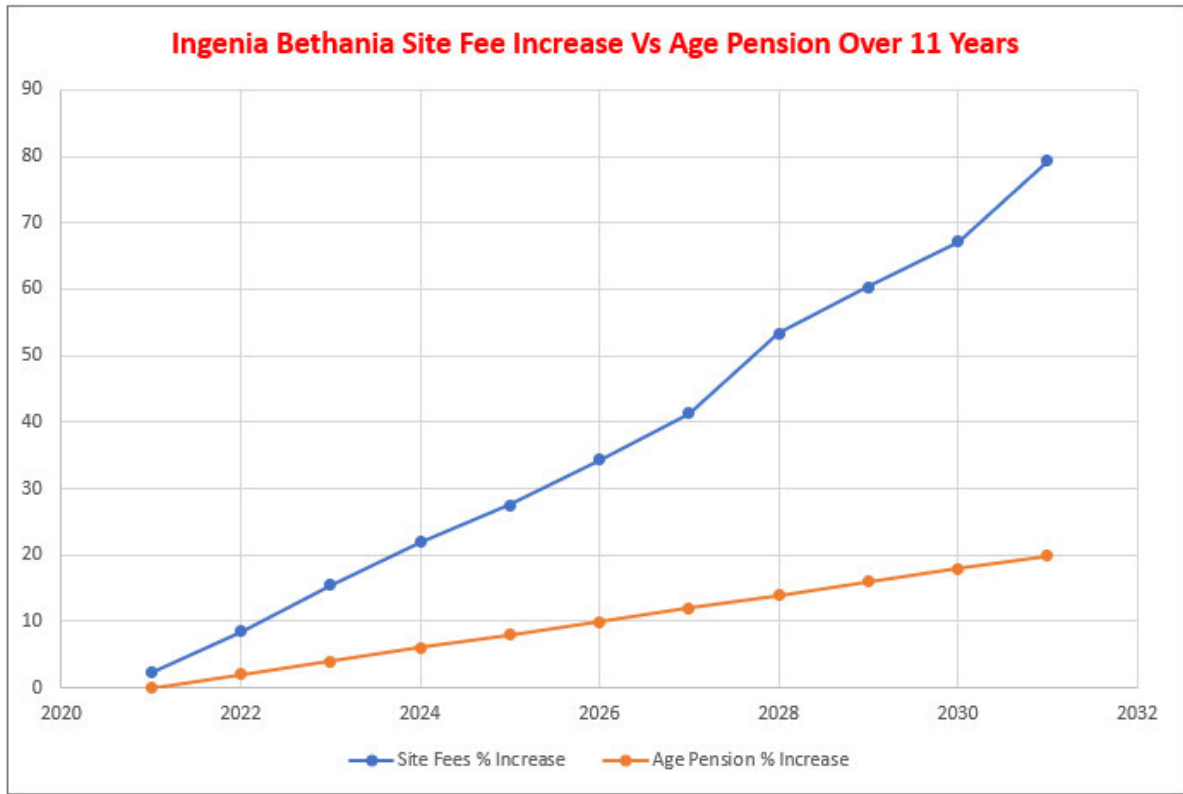
## **Part 1.**

A brief history of rent increases under the current provisions in the Manufactured Home & Residential Parks Act 2003.

The site rents for this village are calculated as follows:  
CPI (Brisbane) + 2% + MRR every 3 years (average >12%).

The following table demonstrates that if this calculation remains unchanged the affordability of site rents will in the time shown quickly exceed the affordable limit suggested by the federal government of 30% of the renter's income.

Ingenia Bethania Lifestyle Village are currently charging site rent of \$224.00 per week that represents 40.1% of a single old age pension. The site rent calculation used by Ingenia is Brisbane CPI+2% + MRR which is an exponential rise in site rents compared to old age pension that is based on the Australian CPI (see graph below).



The proposed amendments for calculating site rents, (CPI ((8 capital cities – All groups consumer price index)) or 3.5% whichever is higher) helps to resolve the situation where site rent increases are allowed that far exceed the increases in the aged pension and will place a cap that prevents a gap forming between rent increases and the aged pension.

## Part 2.

The evidence of the unfair level of site rents levied to cover park running costs.

Ingenia Lifestyle purchased the Bethania site in 2015 for \$15.5M for a 9.2 Hectare site with 150 houses with a site rent annual income of \$1.17M. In a period from 2015 to 2018 planning permission was granted to Ingenia to build a further 173 houses that were completed late 2023

The cost of house building, and the profit generated are outlined in the Table below:

Ingenia Financials from 2015													
	Village	Site Rent	Number of	Cost of	New House	New House	New House	Cost of	Weekly	Verandas	Verandas	Boulevard	New Homes
	Cost	Income P/A	Houses	Facilities	Sales	Average Cost	P/A Turnover	House Build	Rent	Insurance	Costs	Cost	Profit @44%
2015	\$15,500,000	\$1,170,000	150	\$599,040					150	\$0	\$0.00	\$0.00	\$0.00
2016		\$1,222,650	150	\$625,997			0		156.75				\$0.00
2017		\$1,275,300	150	\$652,954			0		163.5	\$500,000			\$0.00
2018		\$1,327,950	150	\$679,910			0		170.25				\$0.00
2019 Stage 1		\$1,850,004	201	\$947,202	51	\$350,795	\$17,890,545	\$10,018,705	177				\$7,871,840
2020 Stage 2		\$2,102,100	220	\$1,076,275	19	\$351,571	\$6,679,849	\$3,740,715	183.75				\$2,939,134
2021 Stage 3		\$2,575,560	260	\$1,318,687	41	\$417,714	\$17,126,274	\$9,590,713	190.5			\$3,750,000	\$7,535,561
2022 Stage 4		\$3,056,586	298	\$1,564,972	38	\$483,857	\$18,386,566	\$10,296,477	197.25	\$1,500,000			\$8,090,089
2023 Stage 5		\$3,415,776	322	\$1,748,877	24	\$550,000	\$13,200,000	\$7,392,000	204		\$1,000,000.00		\$5,808,000
Ingenia Income to 2023		<b>\$17,995,926</b>					<b>\$73,283,234</b>			<b>\$2,000,000</b>			
Turnover	<b>\$93,279,160</b>												
Ingenia Costs	<b>\$15,500,000</b>			<b>\$9,213,914</b>				<b>\$41,038,611</b>		<b>\$1,000,000</b>		<b>\$3,750,000</b>	
Total Costs	<b>\$70,502,525</b>												
Ingenia Net \$Profit/%	<b>\$22,776,635</b>	<b>24.42%</b>											

<b>Key data</b>	<b>30 June 2021</b>	<b>30 June 2020</b>
New home settlements	<b>350</b>	318
Gross above ground new home development profit	<b>\$67.4m</b>	\$59.0m
Average new home price (\$'000) <sup>1</sup>	<b>\$439</b>	\$430
Deposited/contracted (at 30 June) <sup>2</sup>	<b>317</b>	187

Cash profit from each house sale \$192,571.00\*  
As a % of Average New Home Price 43.866%\*

\*Ingenia Annual Report 2021

The following table compares the estimated running costs for the village. The total costs are then used to define the site rent needed to meet these costs. The final comparison shows the difference in the site rent to cover costs and the actual site rent levied as of April 2024.

The suggested basis shown in section of the amendments bill will prevent a gap developing between the site rents charged and the aged pension but only if there are no other surcharges added. If further surcharges are allowed to be added, then the gap between site rents charged and the aged pension will continue to widen causing a crescendo of homelessness as the gap widens.

### VILLAGE RUNNING COSTS COMPARED TO SITE RENTS 2023/24

Village Utilities & Staff	Village Cost for Year 2023/4	Percentage of Annual Costs	Site Rent Income	Ingenia Net Profit
20% Gen. Man	\$50,000.00	3.49		
Site Manager	\$100,000.00	6.98		
Assistant Manager	\$50,000.00	3.49		
GMO 1	\$50,000.00	3.49		
GMO 2	\$50,000.00	3.49		
GMO 2	\$50,000.00	3.49		
GMO 4	\$50,000.00	3.49		
Insurance	\$87,361.92	6.1		
Build Maintenance	\$43,680.96	3.05		
Water/Sewerage	\$43,680.96	3.05		
Electricity	\$43,680.96	3.05		
Rates	\$583,077.60	40.71		
All other costs	\$230,781.08	16.11		
<b>Totals</b>	<b>\$1,432,263</b>		<b>\$3,762,304</b>	<b>\$2,330,041</b>
% Profit				<b>155.60%</b>

<b>Weekly site rent per Resident to cover costs</b>	<b>Current weekly site rent per Resident</b>
<b>\$85.27</b>	<b>\$224.00</b>

Weekly Rent x  
323 homes  
224x323x52



Income from  
site rents - Running  
costs





The concern voiced by residents of this village is that the park owner will continue to add a percentage surcharge, increased above what is levied now, (2%) to compensate for the loss of revenue using the new bases for the calculation of rent increases.

It is recommended that the committee prevent the addition of further surcharges by adding the following to the description of calculating site rents using the new basis:

**Reference: Page 42**

**Clause 15: Amendment of S 69B (Restrictions on increasing site rent under site agreement).**

(2) Section 69B-

(1A) Despite any basis stated in the site agreement for increasing site rent, the park owner must increase the site rent by more than the greater of the following percentages -

(a) the CPI increase;

(b) 3.5%

***No other percentage or dollar value can be added to the calculation of site rent increases.***

(1B) A site rent increase that is greater than the increase permitted under subsection (2) is of no effect to the extent it exceeds the permitted increase.

**To remain unchanged**