

Manufactured Homes (Residential Parks) Amendment Bill 2024

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Housing, Big Build and Manufacturing Committee
Parliament House
George Street
Brisbane Qld 4000

SUBMISSION

Manufactured Homes (Residential Parks) Amendment Bill 2024

AUTHOR

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Good Life RV and Lifestyle Resort (Fraser Coast) is AHC Limited's inaugural residential park with a planned 213 home sites located in the Queensland country town of Howard.

AHC Limited (AHC) established in 1984, is a Queensland based property developer and property manager, predominately family owned. In stakeholder terms, AHC can best be described as a *small independent operator*.

COMMENTS IN REGARD TO THE AMENDMENT BILL

Description	AHC's Comments
Require residential parks to publish a comparison document	In support of greater transparency and ease of comparison by proposed home owners, AHC are generally in favour of the requirement of a comparison document.
Site Rent Increases	<p>CPI Mechanism AHC disagree with the proposed reference to the Eight Capital Cities CPI.</p> <p>A fairer and more relevant reference is All Groups CPI for Brisbane CPI to be used as this is Qld legislation. This same reference is used in the <i>Retail Shop Lease Act 1994</i> for shop leases in Qld.</p> <p>Limit site rent increases to the higher of CPI or 3.5% AHC disagrees with the proposal to limit site rent increases to the higher of CPI or 3.5%.</p>

	<p>The rationale is that CPI does not capture the upward change in Government Charges referable to the Residential Park.</p> <p>AHC's current site agreement incorporates a combination of the All Groups CPI for Brisbane CPI plus <i>the upward change (increase), expressed in dollars, in Government Charges referable to the Residential Park over the most recent Rateable Year preceding the relevant Review Date.</i></p> <p>Market Review AHC disagree with the removal of a market review.</p> <p>A market review is designed as an irregular review interval to be a different form of catch-up mechanism (if required and or applicable) that an annual increase method in intervening years has not captured. Market reviews do not necessarily mean an increase will be applied to the site rent at market review.</p> <p>Further consideration is also required of the stringent requirements of Section 71, which at this stage are unachievable for park owners unless the park is near financial ruin.</p>
<p>Site Rent Payments</p>	<p>Method of Payment of Site Rent AHC note that Direct Debit is not listed as an option for payment of site rent. In terms of the payment and collection of site rent, Direct Debit is the simplest and cost effective option for both the park owner and home owner.</p> <p>Under the proposed amendments it appears that Direct Debit as a method of payment may be excluded altogether.</p> <p>AHC collects site rent via Direct Debit and to date, have not had any concerns raised by home owners and proposed home owners. Direct Debit needs to be provided for.</p> <p>It is the most cost effective for all parties due to the considerable administration cost saving.</p>
<p>Buyback and Site Rent Reduction Scheme</p>	<p>Buyback Scheme AHC are strongly against the imposition of a forced buyback scheme.</p> <p><i>Saleability</i> A park owner has limited control over the condition of a home, which will directly affect saleability of a home regardless of its perceived value by the home owner and its market value. This will disadvantage the park owner when the park owner has had nothing to do with the causes of the inability to sell including market conditions at any given time.</p>

	<p><i>Unintended Financial Consequences</i> The imposition of a mandatory buyback scheme has unintended financial consequences which do not appear to be contemplated. Advice will need to be sought as to whether the park owner will need to financially provision for future buybacks. This can have unintended and dire consequences, in particular, for small independent operators.</p> <p>By way of example, a residential park with 200 homes may have 5% (10 homes) under resale. At an average of \$550,000 = \$5.5 million. If required under accounting standards, there is no realistic proposition that a small operator could meet its financial obligations having to account/provision for \$5.5 million in potential buybacks. Further investigation and review of the buyback scheme is required to protect park owners from this unintended consequence.</p> <p><i>Independent Valuation</i> Notwithstanding AHC’s position on the above, the park owner should not have to pay for a valuation based on a home owner not agreeing to value of their home.</p> <p>Site Rent Reduction Scheme AHC generally disagrees with the proposed site rent reduction. Where the home owner continues to reside in the home, the obligation to pay the site rent at the then current rate should remain.</p> <p>More contemplation is required around genuine and bona-fide for the application of rent reduction. The current proposal can be exploited by home owners where home owners have unrealistic expectations of the value of the home and the condition of the home. Further contemplation and consideration is required on this issue.</p>
<p>Maintenance and Capital Replacement Plan</p>	<p>Only broad scope parameters are currently contemplated and it is AHC’s view that, in the absence of detail, the provisions should therefore be excluded from the Bill.</p>

END