

Manufactured Homes (Residential Parks) Amendment Bill 2024

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10 April 2024

Housing, Big Build and Manufacturing Committee
Inquiry into Manufactured Homes (Residential Parks) Amendment Bill 2024
hbbmc@parliament.qld.gov.au

Good morning,

Thank you for the opportunity to provide our submission on the proposed bill.

We acknowledge the intent of the bill in assisting Home Owners with confidence around site fee increases and security of tenure. However, we must raise some concern in relation to the impact on Park Owners in the current legislative form.

1. S192 provides that if a site agreement has a market review as a basis to increase site rent, the Park Owner may only use either a) and alternative basis as noted in the site agreement or b) CPI.

We suggest that this is an unsatisfactory outcome for a Park Owner, who has complied with existing legislation in terms of how their site increase methodologies have been decided. Where a Park Owner may have utilized CPI as a methodology between Market Review years, the site agreement allowed the Park Owner to rebalance to market on a Market Review year – for Palm Lake Group, that is either 3 or 5 years.

Whilst we are currently undergoing a period of elevated CPI figures, traditionally that has not been the case. Going back only a few years, CPI was actually under 1% in some states, and frequently under 2%. Such increase outcomes are detrimental to a Park Owner, who would struggle to even maintain park operations at such low levels of increase.

As such we would suggest that an option is provided to either a) utilize another methodology outlined in the current site agreement **OR** b) substitute the methodology in the site agreement for 3.5% or CPI, whichever is the greater.

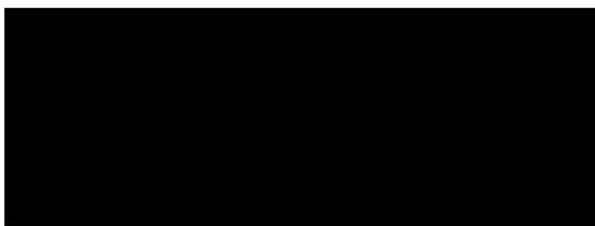
We would also make note that given this is Queensland legislation, it should be All Groups CPI for Brisbane to be used as the CPI increase.

2. The NSW *Residential (Land Lease) Communities Act 2013* provides that site fees increased by a fixed method cannot be challenged. We would strongly urge that similar allowance is provided in the amended bill to allow Park Owners certainty in their site fee increases.
3. S63 does not provide for direct debit to be an approved way to make payment for site fees. Around 95% of our Home Owners (over 10,000) pay site fees via direct debit, which is efficient for both parties. To remove this option does not seem to have any reasonable basis, and will needlessly increase Park Owners administrative costs.
4. The provisions around buyback for deceased estates are problematic and unclear. We ask if consideration could be given to making it clearer how a buyback may occur for a deceased estate, given that the Park Owner cannot begin dealings until they are confident as to who can legally provide instruction. Grant of Probate or Letters of Administration can take many months in some instances, and we would ask that no opt in or buyback period can commence until these documents are provided.
5. Section 39 relating to termination orders should provide for the sale of a home rather than requiring a Park Owner to purchase the home. It seems unacceptable that a Home Owner may conduct themselves in such an unacceptable manner that a termination order is required, and they benefit from such actions.
6. We believe that the measures being introduced, in particular the rent caps, will make the MHE sector less attractive to prospective investors. Nowhere else in the rental market has seen the introduction of rent caps, for the very reason that it will remove incentive for investors.

Whilst the Manufactured Home Parks traditionally attracted pensioners, this is no longer the case. Many Home Owners do not rely on a government pension, and are retirees with means. Those Home Owners who are purchasing homes at sale prices in excess of \$1m are unlikely to require rent caps to assist with the cost of living.

Thank you for your consideration of these items.

Yours sincerely,



Amanda Clements
Executive Manager People & Operations