Manufactured Homes (Residential Parks) Amendment Bill 2024

Submission No:	34
Submitted by:	Doug Searle
Publication:	
Attachments:	No attachment
Submitter Comments:	

From:	[redacted]
To:	Housing, Big Build and Manufacturing Committee
Subject:	Fwd: Submission for consideration Manufactured Homes Act.
Date:	Wednesday, 10 April 2024 10:21:33 AM

Attn:
Committee Secretary,
Housing, Big Build and Manufacturing Committee,
Parliament House,
George St.,
Brisbane, QLD.

Dear Sir / Madam,
Please see below my submission for MHA amendments.

Method for Rental Increases - Annual Basis.

Base for rental increase - 3%.

Reference - QGSO.qld.gov.au - weighted eight city cpi for financial years 2014 to 2023.
Annual average cpi 2.55%, Mean average 4.2%.
Yearly rental increase = 3% + or - 50% of difference between actual cpi for year and 3%
eg cpi for year ending June 2%, rental increase per Site Agreement 3% , 3 - 0.5 = 2.5% increase or
cpi for year 5%, rental increase, 5 - 1 = 4% increase for year. I strongly believe this is much fairer over time to both parties. The aim of this review is about fairness. Park Owners have a benefit as some items included in the determination of the cpi have little or no bearing in the Park Management costing.
Prohibit other rental increases eg, increase of rents for new home sales and change of ownership for second hand sales, during the current rental period as these would be outside of the prescribed method in the Act. These increases should be prohibited irrespective of which annual rental method is selected by the committee.

Profitability.
We purchased our home in 2017, cost $389000.
Site cost $137,000, house cost 204,000 total house and land -$341,000.
Difference - $48,000 being "rights" for use of facilities.
Total houses for Park - 160.
Ignoring house price increases, profit from 160 homes based on industry standard 30% at $341,000 / home (many homes much dearer) = $16.37 m
Monies received for "Rights". 160 by $48,000 = $7.68 m
Cost of facilities (Quoted by Site Supervisior) = ($4.00m)

Overall profit 160 homes conservatively $25m
Land price based on local area sales, house costs obtained from local builders. Overall time for construction approx. 5 to 6 years.
During this time extra land purchase and 50 homes built, sold to $580,000 ea.
No extra facilities provided.
Estimated profit from 50 homes at 520,000/home @ 30%. = $7.8 m
Add "Rights for use of facilities $48,000/home. = $2.4 m
Total. $10.2m

Total profit development, sales for 210 homes approx. $35m
This result will be achieved over time depending on market conditions etc but development is also governed by the same conditions. The object is long term viability of the POs and HOs. Therefore, rental increases should be monitored to avoid unnecessary high increases that will have an affect on that term viability.

Not included in above is rent received over 7 years. Based on the rent of $195/week, (some home owners paying $205 / week), annual receipts total in excess of $2m, gross profit $1.38 m.

An application to the local council for construction of up to 114 additional homes is yet to be approved, but home owners have been advised no extra facilities will be provided. Therefore, if this application is approved, our current 330 home owners will share the existing facilities with approx. 150 additional new home owners, who will also pay "rights" to use the current facilities which were designed to accomodate 200 home owners. We have been advised no extra facilities will be provided, the main clubhouse may be remodelled to accommodate extra seating. The construction of a second clubhouse was to commence in January 2023 but this has not eventuated and the site is occupied with a temporary home owners workshed. There is no indication when of if these promised facilities will be completed.

This indicates that rent increases, as currently assessed are grossly unfair, and therefore, the rationale for rental increases as suggested above should be given the serious consideration.
It also supports the proposition for accurate comparison of MHPs to be made available for public knowledge.

Profit margins based on Stockland Group Annual Report for their business model and generally accepted by Home Owner Associations.
Gross profits from developments 29.7% (approx. industry standard)
Gross margin for funds from operations %65. All MHPs operate under this system so profits will be similar.

Assignment of Site Agreements.
Existing SAs should automatically be transferred to the new home owners to comply with current legislation. Negotiation of Special Terms should be allowed providing any agreements comply with MHP legislation. It would also prevent unfair rental increases.

Park Owners must acknowledge maintenance and refurbishments are their responsibility.
I would be willing to answer any questions regarding my submission.

Regards,
Mervyn Douglas Searle
[redacted]