

## Manufactured Homes (Residential Parks) Amendment Bill 2024

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**Submitted by:** Gemlife  
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10 April 2024

Committee Secretary  
Housing, Big Build and Manufacturing Committee  
George Street  
**BRISBANE QLD 4000**

**BY EMAIL DELIVERY**

Dear Committee Secretary

**MANUFACTURED HOMES (RESIDENTIAL PARKS) AMENDMENT BILL 2024**

We refer to the subject matter and thank the Housing, Big Build and Manufacturing Committee **['the Committee']** for allowing us the opportunity to provide our feedback on the recently announced *Manufactured Homes (Residential Parks) Amendment Bill 2024* **['Bill']**.

*GemLife and Living Gems*

Both GemLife and Living Gems **['the Group']** are leading operators in the lend lease community sector. The Group develop and operate premium over-50s lifestyle resorts, with vibrant communities reflecting the rapidly evolving demands of Australia's over-50s. Together, Living Gems and GemLife are proud to have over 3,400 occupied homes combined.

With a focus on high quality, active and engaged living, the Group delivers master-planned land lease communities with exceptional, high end, recreational and leisure facilities together with high-quality modern and stylish homes.

*Background*

The Group refers to its comments addressed previously in its submission **['Submission']** to the former Department of Communities, Housing and Digital Economy's **['the Department']** dated 22 June 2023.

The Submission provided over 48 pages of commentary relating to the Group's concerns over the *Residential parks – addressing concerns about site rent increases and sale of homes Consultation Regulatory Impact Statement* **['C-RIS']**, Specifically, the Group addressed concerns over the potential implications of excluding market reviews from the site rent review process as well as the proposed "buy-back scheme".

Without re-addressing these concerns in specific detail, and whilst the Group, again, disagrees that there is any purpose for the Government to change the Act for reasons already outlined in the Submission, the Group re-iterates its support for the Department to promote fair business practices. The Group, however, implores the Committee to re-evaluate the Bill to the extent that it does not inhibit or impede on the commerciality of the sector. This will ensure park owner business models remain commercially viable in order to continue providing the quality services and facilities to home owners.

### *Abolishment of Market Reviews*

As per the Submission, market reviews play an integral part of all leased property transactions. The data provided in the Submission demonstrates that the protections introduced by the changes to the Act in 2017 are adequate to the extent that both home owner and park owner needs are being balanced fairly. Again, to terminate the rights of park owners to conduct market reviews and to “cap” increases altogether would be cataclysmic to the industry and, based on the evidence provided in this Submission, it is simply not necessary.

Following on, it is important to note that most residential parks offer premium facilities (bowling alleys, golf simulators and bowling greens to name a few) and home owners have exclusive access to those amenities. Therefore, grounds and maintenance costs typically increase by more than 3.5% or even CPI data. Further, with Section 71 of the Act inhibiting park owners from recouping inflated costs, park owners are simply given no way forward. It would be helpful if the Committee considered loosening the threshold of Section 71.

Notwithstanding the above, and whilst the Group accepts the Department’s decision in removing market reviews as a site rent increase mechanism under the *Manufactured Homes (Residential Parks) Act 2003* [‘Act’], the Group implores the Committee to permit park owners to increase site rent by either the existing site rent increase mechanism or Consumer Price Index [‘CPI’], whichever is the greater. This will allow park owners the opportunity to recover costs for large improvements, expansions and other asset maintenance items that increase over the course of time. Furthermore, the use of CPI data will ensure park owners are maintaining increases at a level that is acceptable and measured to the average changes seen and absorbed by others in modern-day society.

The Group implores with the Committee to permit alternative site rent increase methods when this occurs for the reasons already set out in the Submission and above.

### *Buy-back Scheme*

The Group’s Submission provided information and data on its points of view with respect to the buy-back scheme, such that the scheme is not warranted as there are no current resale backlogs within the Group’s portfolio. The Group has fantastic resources to assist with home owner resale transactions and provides support to many home owners.

Whilst the Group understands the Department’s concept is to improve the rights of the Home Owners during the sales process, and promoting the requirement for park owners to provide better realty services to home owners, the concept of a buy-back scheme will dramatically affect park owners insofar as holding them hostage to forces out of their control. For example, park owners should not be held responsible for market forces, global events and other situations that may impact on the successful sale of a manufactured home. It simply is the case that this scheme will push operators into becoming a rental model, which again negatively affects the current business model of land lease communities.

The Group requests that the Department involves park owners throughout the drafting of the regulations to ensure that park owners are not forced to purchase homes (which by applying the Group’s average house sale prices, may be to the range of \$650,000 plus) and will force park owners into financial turmoil.

The Group therefore requests the Committee to consider the following alternative solutions:

1. Home owners retain the sales services of either the park owner and/or an external agent to assist in the sale of their manufactured home.
2. At the expiry of the six (6) month listing period suggested in the Bill, Home Owners and the park owner enter into an agreement whereby they both contractually agree on the following:
  - a. A purchase price that is in line with market value or lesser, to be determined by a qualified and registered valuer. Note, the Group must refer the Committee to the contradiction of the Bill suggesting that registered valuers would be used to determine the value of a resale home, yet market reviews are to be abolished).
  - b. Acceptable timeframes for a transaction to take place (not an open-ended time frame).
  - c. The home owner would need to remedy any outstanding maintenance items on the home prior to the park owner purchasing the home. If the home owner is unable to do this due to lack of funds, then the park owner would be permitted to reduce the purchase price by the amount that the maintenance items would cost to rectify.
  - d. With respect to the 25% reduction in site rent (and utilities), the park owner would be able to also deduct a nominated amount from the sale price to cover such costs prior to the purchase of the home.
2. The Bill is amended from “appointing a ‘park owner’” to “appointing a related and/or separate entity”.
3. Park owners are provided an opportunity to reject a request from a home owner to join the buy-back scheme where there are reasonable financial grounds to do so.

### *Other Amendments*

The Group shares concerns relating to the amendment regarding direct debit. In this day and age (keeping in mind the administrative burden set out on park managers and park owners in processing managing site rent and utility charges without an ability to recover such costs in accordance with Section 99A of the Act), it is imperative to make payment processes as easy and automated as possible.

By allowing park owners the ability to set direct debit as the preferred method of payment, it removes extra workload on staff who may otherwise need to remind home owners to make payment (which are already quite regular). On a grand scale of over 3,000 home owners, the use of direct debit payments is beneficial and effective for all parties.

### *Conclusion*

Overall, the Group supports the objective of the Department with respect to providing home owners with more assurance, certainty and care. With over 3,000 home owners living within

our communities, majority of which are happy, longstanding residents, our main goal is to continue providing high quality services and amenities to our stakeholders.

Given the current housing crisis, it is absolutely necessary for the Department to provide as much support to the sector as possible so as not to exasperate the existing housing supply shortage. In return, park owners will be able to continue providing high standard services and quality communities to this vulnerable and ageing demographic.

Prohibiting park owners from electing to use market reviews to increase site rent will undoubtedly cause distress and viability concerns to park owners, as well as investors, who will no longer see the residential parks sector as a worthwhile investment. The Group again urges the Committee to consider the ramifications of the Bill on all stakeholders involved.

The Group, again, thanks the Committee for allowing it the opportunity to express our concerns with Bill. We would appreciate the opportunity to be invited by the Committee to appear as a witness at the public hearing.

If you have any questions relating to this correspondence, then please do not hesitate to contact either myself or our General Manager of Operations, Ms Jacinta Fraser, via email at [REDACTED].

We otherwise thank you for your consideration of our above concerns.

**Yours sincerely,**

A black rectangular redaction box covering the signature of Adrian Puljich.

**Adrian Puljich**  
**Chief Executive Office, for and on behalf of the Group**