



A.B.N. 28 385 962 456
Incorporation No IA4584501
P.O. Box 349 Burpengary 4505



JULY 2023 – SEPTEMBER 2023 NEWSLETTER

President's Message

As you would have seen in our July update, Carol and I had a very successful meeting with the Housing Minister and her senior staff. We did suggest at that time, that it would be a valuable exercise for the Minister to visit some parks to speak to homeowners, and to listen to their concerns about the inadequacy of protection provided by the Manufactured Homes (Residential Parks) Act 2003 (the Act). Although the Minister advised that she has an already committed full schedule in her new portfolio, she has come back to us asking for our suggestions on parks she might visit, so that, if possible, they could be added to her diary should an opportunity arise.

We know there is a working group led by Bruce Saunders (Maryborough) which includes Mark Ryan (Morayfield), Shane King (Kurwongbah) and Chris Whiting (Bancroft), who were lobbying for minor changes to the Act in the short-term. And, as Adrian Tantari (Hervey Bay) has eleven parks – probably the most of any electorate, we suggested that the parks in these five electorates should be the considered. If you would like to encourage the Minister to visit your park, contact your MP and let them know. I am sure they would appreciate the opportunity to introduce the Minister to their constituents.

While the main object of the Act is to protect homeowners from unfair business practices, there are two other important objects – to encourage the continued growth and viability of the residential park industry in Queensland; and to provide certainty for the residential park industry in planning for future expansion. Given the rapid expansion through the state, there is no question that the industry – for Park Owners – is not just viable, it is the pot of gold at the end of the rainbow.

Roseann Whyte

AMHO President

Supporting Home Owners with the Government

The Residential Parks Industry – Did you know?

An excellent resource is the online publication called “*The Weekly Source*” so if you want proof that the Manufactured Home (Land Lease) sector is booming, this is the place to go. However, some articles are only available by subscription.

Ian Horwill, who writes for “*The Weekly Source*” advised that Stockland has plans to dominate the land lease sector. It was just two years ago that ex-Lend Lease CFO Tarun Gupta became Managing Director and CEO of Stockland. Seven months later, he sold its retirement village business to Swedish investment firm EQT Infrastructure for \$987 million, and set his sights on land lease, paying \$620 million for six Halcyon communities, plus seven preparing for development. Two years later Stockland has grown its land lease community development pipeline to a value of \$5.2 billion.

Stockland is well on the way to achieving its goal, recently paying \$210 million to buy five land lease communities (one existing and 4 future) from Living Gems (Opal Gardens Pty Ltd who also own GemLife).

Last week’s article by Chris Baynes advised that the 28 land lease communities owned by Serenitas will be sold for \$1 billion, a record for the land lease sector, to Mirvac and Pacific Equity Partners. Rob Nicols created Serenitas in 2018, and the \$1 billion value has been created in just five years, on the backs of “Over Fifties”.

In his article Bynes believes that there are consequences of these big business skilled executives drawn into this sector, who have no sector history and short-term understanding of the business. Whilst they come from property-based businesses, their success in the land lease sector will rest just as much on their ability to be in the “people business”. He believes “*these deals are the tip of the iceberg as big investors can see rolled (cheap) gold particularly in the retirement living sector.*”

Stockwell, who operate Solana Lifestyle Resorts is presently advertising a new investment opportunity, which is a First Mortgage Income Trust with cash returns of 10.5% with an anticipated investment term of 24 months. At this time of low interest rates being offered to homeowners by banks and other financial groups for their nest egg, this is a remarkable figure, once again proving the exceptional profits that are presently being generated in this housing sector for investors.

The question is ... as this sector is attracting worldwide business investors because of the excellent profits being made (65% quoted in Halcyon prospectus in 2021), why are the park owners continually telling the Queensland Government that their viability is at risk?

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ANNUAL SITE RENT INCREASES

The subject of site rent fees is always topical – and whatever is in your site agreement, that is the basis of the increase. The annual site fee increase must be advised to homeowners at least 35 days prior to the “general increase day”. This notice must state the amount of the increase, the basis for increasing the site rent, and how this has been worked out (this is set out in your site agreement). We know that there are various ways to calculate the annual site fee increase, but as long as the basis is spelt out in the site agreement, there is no restriction on what the increase might be based. However, those homeowners whose site fee increases are based either solely or partially on the CPI figure have endured significant site fee increases over the past two years.

We know that costs of operating residential parks are relatively stable once all the facilities are in place. So, the question is, why does there **HAVE** to be an annual site fee increase? Yes, this is a business, and yes, there needs to be a profit margin – that is the very premise of a business. But this is an industry supposedly based on providing “affordable” housing and the demographic it caters to is known to have a fixed income. Unfortunately, the present Act will not protect homeowners’ viability to sustain these compounding increases in the long-term.

Regulatory Services Unit (RSU) Meeting -

On the 15th August we had an informative meeting with the RSU to discuss matters raised by members. AMHO has recently received a number of emails from our members who have been threatened with a Form 6 (Notice to Remedy Breach), when they have refused to use direct debit for their rent and utility payments because their bank accounts had been hacked or they did not agree with the extra charges being demanded. The Act does offer a number of ways to pay, however, park owners will always prefill the direct deposit option on the site agreement, removing the choice available to homeowners, a case of sign this or you cannot live here. However, the site agreement is a contract and contracts are re-negotiated every day. As long as you comply with the contract, eg pay your site fee in full and on time, there is scope for negotiation. It is hoped that disputes can be managed professionally and respectfully. If, however, the dispute mechanism has to come into play, RSU has confirmed the following:

The Dispute Mechanism

- Form 11 and Form 6 can be used in any order or can be used concurrently – either party can request a remedy to breach of their obligations.
- Failure to remedy the alleged breach or achieve a successful negotiation leads to QCAT and there is no procedure to escalate the matter to shorten the timeline.

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- The Form 11 and Form 6 along with a number of other RSU forms have the warning to seek legal advice. This is simply an active effort by RSU to encourage people to get legal and/or financial advice before entering into the site agreement.

RSU recommends that homeowners contact them with issues as if they cannot be solved, at least they can understand their rights and responsibilities under the Act. You can email the RSU at RegulatoryServices@chde.qld.gov.au or phone (07) 3013 2666 or use the online Residential parks complaint form or write to Regulatory Services, GPO Box 690, Brisbane QLD 4001. Or you can contact Caxton Legal (07) 3214 6333 to make an appointment, phone lines open 9am – 5pm Monday to Friday. You will need to provide your name and the full name of the person who is on the other side of your legal matter, as they cannot give you legal advice without this information.

We Have Had The C-RIS – Next is the D-RIS

Yes, the very slow journey of changing the Act continues, but the good news is that according to the RSU, the next stage - the D-RIS is expected to be out in September. To quote page 29 of the C-RIS document - *“This C-RIS will explore whether the Act is meeting community expectations about consumer protection in residential parks, and whether changes to the regulatory framework are necessary to improve the fairness, consistency, and transparency of site rent increases in residential parks”*. This D-RIS will also tell us if our new Housing Minister and her Department has listened to the voices of those living in residential parks under this ineffective, not fit for purpose Act.

REMEMBER OUR NEW EMAIL ADDRESS
amhocontact1@gmail.com

Please stay on this journey with us, why not invite your friends and neighbours to join, as the more members we have, the louder our voice will be.

Thank you - your Committee
Alliance of Manufactured Home Owners Inc

CONTACT US

Phone 0418 527 041 Email amhocontact1@gmail.com Website <https://amho.com.au>

Mail PO Box 349, Burpengary QLD 4505

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