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## **SPECIAL APRIL 2024 NEWSLETTER**

### **MANUFACTURED HOMES AMENDMENT BILL 2024**

After two years AMHO's intense lobbying of the Queensland Government, highlighting the ineffective and not fit-for-purpose *Manufactured Homes (Residential Parks) Act 2003* (MHRP), Meaghan Scanlan, the Minister of Housing, Local Government, Planning & Public Works introduced the *Manufactured Homes Amendment Bill* into Parliament on Thursday 21 March 2024. After the first reading the Bill was passed on to the Housing, Big Build and Manufacturing Committee.

These amendments seek to change the MHRP to improve consumer protections in residential parks balanced with reasonable industry viability.

While we had been promised last year that there would be minor amendments to the MHRP while a complete review of the Act was undertaken, this has turned out not to be the case with the Government proposing amendments based on the narrow focus of the Consultation – Regulatory Statement Impact and feedback received in June last year.

This fits with the *Queensland Homelessness Action Plan 2021-2025 (QHAP)*, the *Homes for Queenslanders*, the *Queensland Housing Strategy 2017-2027 (QHS)* released in February 2024, a re-release of a Strategy issued under a previous Housing Minister, Mick DeBrenni.

### **WHAT DOES THIS MEAN FOR YOU?**

There are two additional objects of the MHRP:

- *Protecting home owners from unfair or excessive increases in site rent; and*
- *Preserving the safety and security of tenure of home owners*

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**These objects will increase protection for homeowners. However, the homeowner still bears a disproportionate level of risk in this housing model.**

Other changes align with the options proposed under the Consultation – Regulatory Impact Statement (CRIS):

- 1. Removal of the Market Rent Review** as a method of increasing site fee rent increases. Limits the ways in which Park Owners can increase rents with the removal of the Market Review as an option, and
- 2. Capping the annual general site rent** increase at the higher of CPI or 3.5%. CPI definition is “the weighted average of eight capital cities all groups consumer price index” which more closely aligns with changes to the aged pension. *AMHO is concerned about this wording as we believe that this does not give the certainty about site fee increases that we require. – How can a cap of 3.5% be in place when a higher CPI will override it? No protection from high inflation as Park Owners are not affected as homeowners are by CPI rent increases, costs of medicines, Doctors, insurance, etc – the CPI component must be removed. Pensions have only risen by more than 2% annually once in the last decade (in 2022 because of inflation increases pensions rose by 4%). Why should any increase only be spent on site rent to companies making massive profits?*
- 3. A Comparison Document** for residential parks like that used for Retirement Villages. *AMHO agrees with this proposed amendment as it will provide transparency for homeowners when choosing a park. We are, however, unsure how this will be managed by the RSU with its current resourcing.*
- 4. Simplification of the Sales Process** – new site agreement for the buyer rather than assignment – this is what is happening in a majority of cases now (74% new vs 26% assigned). However, if the seller and the buyer request assignment the Park Owner cannot reasonably refuse this request. The assignment process is, however, available for transfer of the home to a family member or other party living in the home but not listed on the current site agreement. *AMHO does not agree with this proposal as part of the confidence in buying into a residential park is knowing exactly what the site fee is, and, has been. The issue of a new site agreement allows the park owner to increase the rent with every sale, causing disharmony, as homeowners discover they are paying higher fees for the same product. Also, there is still no incentive for the park owner to sell the property quickly as the rent is still being paid until the property is sold.*

5. **Buy-back Scheme** – this clause seeks to help in two instances – the death of the homeowner or the homeowner moving into care.  
*AMHO does not agree with the clause on three levels.*
  - *The timeframe of 18 months from opting into the scheme is too long also requiring vacant possession.*
  - *The scheme removes the choice of selling agent.*
  - *The decrease in site fee after six months is only 25%.**There is no incentive for the Park Owner to expedite a sale as the rent is still being paid. However, the Park Owner may not use Section 71 (increase site fee rent to allow for unexpected expenditure) to facilitate the buy-back of a home*
6. **Registration** – All parks must be registered with the Regulatory Services Unit (RSU) – those on the register at the present time are considered to be registered. There is an exemption for smaller parks.
7. **Regulatory Services Unit (RSU)** will have increased powers to ensure compliance with the legislation. Residential parks have unique features leading to market failures that adversely impact on homeowners, justifying strong regulatory intervention. RSU will have power to change regulations in consultation with stakeholders in order to respond to changing economic and market conditions.
8. **Maintenance & Capital Replacement scheme (MCR)** – this will ensure that the communal facilities and infrastructure remains in usable condition. Because a significant proportion of the manufactured home’s value is attributable to its siting in the park and the facilities of that park, this scheme will provide homeowners with confidence that their home retains its value. *Park owners are required to provide a copy of the approved MCR to Home Owner Committees (HOC) at no charge. Homeowners may request a copy but there may be a charge. AMHO is unsure at this stage what this means for parks where there is no HOC in place.*
9. **Methods of payment of site fee rent** - homeowners must be given multiple site rent payment options. *This clause will come into effect for new site agreements on royal ascent. For existing Homeowners, the Park Owner has 12 months to introduce this change.*
10. **Review of Amendments** – the Minister has given a commitment to review the legislation in three years. Park Owners may request a review after two years.

**11. Dispute Mechanism** – QCAT remains in place with added resources. *AMHO has always maintained that QCAT is the wrong forum to hear and make decisions about disputes as their decisions are not binding. We were promised the establishment of a new entity similar to an Ombudsman and we will be asking why this has not happened. In the meantime, however, given that a majority of cases brought before them deal with the excessive increases as a result of the Market Review, it would be expected that there would be a lower volume of cases, therefore more expedient process.*

## **ADDITIONAL C-RIS RECOMMENDATION IGNORED**

An additional C-RIS Government recommendation has been ignored - *The Act should be amended to resolve any ambiguity around retirement village-style exit fees and clarify that such fees are prohibited.*

*AMHO's view -why was there no action on this? There are home owners with this type of exit fee (disguised as a communal refurbishment fee) already in site agreements which demand thousands of dollars as exit fees. When the Parks were sold, the new owners have refused to remove this clause, but continue to advertise that their villages has "NO EXIT FEES" – for new site agreements.*

## **WHAT IS NOT CHANGING AND SHOULD BE?**

**Section 71** should be deleted – where site fees increase can be attributed to significant increase in running costs. Note: the park owner only has to give notice to at least 4 sites, and, if 75% of them agree in writing, the increase proceeds. If they do not agree, then the Park Owner can implement the dispute mechanism (QCAT). However, the park owner cannot use the buyback scheme to justify site fee increases.

**Dispute mechanisms** – paying increased rent until tribunal rules. All should be on hold until a decision. QCAT is not the right forum and an ombudsman must be appointed.

**Section 99A** – needs to be clarified – renters should only be paying for usage – not infrastructure eg service and access fees. Some parks do not display utility bills and refuse to allow homeowners to view them, so how are homeowners to see that the Park Owner is not charging more than is being charged.

## **SO, WHAT SHOULD YOU DO?**

The Minister and the Chair of the Housing, Big Build and Manufacturing Committee are committed to have the Bill passed and for it to receive royal ascent as quickly as possible. While some details of the hearings are not available at the time of writing, we do know that submissions to the Committee on the amendments will close on **Wednesday, 10 April 2024 at 12 midday** with the Committee's Report to Parliament due by **10 May 2024**. So the timeline is short!

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We encourage you to review the changes – a copy of the Explanatory Notes (easier to understand) is available on our website [Various Documents - AMHO](#)

- Contact your Member of Parliament to encourage them to support these changes. Maybe invite your MP to your park to discuss the changes, to help all stakeholders understand – all communication is good and will be helpful when it comes to voting in Parliament.
- Make a submission to government and/or send us an email outlining your views. This will assist us in understanding further the impact the changes will have.

## **HOUSING, BIG BUILD & MANUFACTURING COMMITTEE MEMBERS**

Mr Chris Whiting MP, Member for Bancroft, Chair

Mr Jim McDonald MP, Member for Lockyer, Deputy Chair

Mr Don Brown MP, Member for Capalaba

Mr Michael Hart MP, Member for Burleigh

Mr Robbie Katter MP, Member for Traeger

Mr Tom Smith MP, Member for Bundaberg

All members have parks in their electorates – some are mixed parks which come with their own set of needs for their residents. The Alliance will be meeting with Committee Members soon and has been invited to a private briefing with the Minister's Office on Tuesday 2 April. Further updates will follow.

## **IMPORTANT DATES**

**Public Briefing:** Tuesday 2 April from 10:45am to 11:30am – Undumbi Room, Level 6, Parliamentary Annex, Brisbane

Also available online on Parliament TV <http://tv.parliament.qld.gov.au/Committees>

**Closing date for submissions:** Wednesday 10 April 2024 at 12pm

**Public Hearings:** Tuesday 23 April and Wednesday 24 April 2024

**Committee Report to Parliament:** Friday 10 May 2024

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**This is an important time for homeowners in residential parks. You have spoken and the government has listened. However, have they heard? This is the legislation under which you live, and so you have every right to ask questions, and to have input.**

**Yes, you are protected, but is the protection sufficient for your investment?**

**BE A VOICE FOR CHANGE AS YOU PROTECT YOUR RIGHTS!**

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