

Manufactured Homes (Residential Parks) Amendment Regulation 2024

Explanatory notes for Subordinate Legislation 2024 No. 238

made under the

Manufactured Homes (Residential Parks) Act 2003

General Outline

Short title

Manufactured Homes (Residential Parks) Amendment Regulation 2024

Authorising law

Section 17 of the *Acts Interpretation Act 1954*. Sections 18A, 18C, 18G, 18H and 146 of the *Manufactured Homes (Residential Parks) Act 2003*.

Policy objectives and the reasons for them

The objective of the *Manufactured Homes (Residential Parks) Amendment Regulation 2024* (Amendment Regulation) is to amend the *Manufactured Homes (Residential Parks) Regulation 2017* to prescribe information required to support improvements to transparency and accountability in the residential parks sector included in the *Manufactured Homes (Residential Parks) Act 2003* (MHRP Act) which requires that:

- all residential parks must develop a park comparison document; display the comparison document on a website for the residential park (unless exempted from this requirement); and provide the comparison document to prospective home owners upon request; and
- park owners register residential parks with the administering department (currently Department of Housing, Local Government, Planning and Public Works) prior to the park opening, with the chief executive of the department required to maintain a register containing information prescribed by the *Manufactured Homes (Residential Parks) Act 2003* (MHRP Act) and this Amendment Regulation to accompany an application for registration.

Amendments to the MHRP Act that received assent on 6 June 2024 aimed to ensure:

- residential parks are fair and transparent.
- the legislative framework is contemporary and meets community expectations.
- residential parks are sustainable for home owners and park owners.

The making of the Amendment Regulation meets the Government's commitment to continue to deliver improvements to the MHRP Act under Action 18 of the *Queensland Housing and Homelessness Action Plan 2021 – 2025*, and to continue to modernise the housing legislative framework to improve consumer protections in residential parks under *Homes for Queenslanders*.

Currently, prospective home owners may not receive key information until they have already decided on a park, have spoken to the park owner (or the park owner's salesperson) and commenced the process of buying a manufactured home. Park owners are not required to publicly disclose key information about the park including site rent and site rent increase bases, park amenities and services, and other key information which would enable consumers to compare parks (and compare parks with other accommodation) to help them to ascertain whether a park will suit their needs.

The new park comparison documents will assist current and prospective home owners by, among other things, creating a clear and consistent way for consumers to compare parks, facilitating better-informed decisions, and driving competition between residential parks.

New registration requirements will also provide the community with more information about residential parks and support regulatory oversight of residential parks by the department, commensurate with the significant investment made by consumers who buy manufactured homes in these parks. This information will also assist the chief executive to monitor the impact of legislative reforms to enable effective post-implementation review.

Achievement of policy objectives

The policy objectives of the Amendment Regulation are achieved by prescribing additional content for park comparison documents and registration requirements for new residential parks.

In relation to park comparison documents, new sections 18G-18L of the MHRP Act establish requirements for park owners to produce a park 'comparison document', make it accessible on a park's website, including in sales advertisements, and provide a copy of the comparison document upon request.

New section 18G(3) of the MHRP Act allows a regulation to prescribe the criteria by which parks may be exempt from the requirement to have a website and host their comparison document on that website. For section 18G(3), clause 4 of the Amendment Regulation which inserts section 2C specifies that residential parks are exempt from hosting the document on a website where they contain 15 or fewer manufactured home sites. This will avoid the new requirement having a disproportionate impact on mixed-use parks with only a small number of manufactured homes, such as parks which primarily focus on caravan or tourism accommodation. These parks will still be required to develop park comparison documents, provide the document to prospective home owners upon request and ensure the document accompanies sales material for manufactured homes in their park.

New section 18H of the MHRP Act prescribes information that must be included in the comparison document. This includes a declaration about the site rents payable for new home owners under section 70B; the communal facilities, services and amenities available in the park and included in the site rent; the frequency of and bases for increasing site rent; and any other details prescribed by regulation (section 18H(b)(v)).

For section 18H(b)(v), clause 4 of the Amendment Regulation which inserts section 2D, and clause 5 which inserts Schedule 1, prescribes additional information for the comparison document to include:

- the address and real property description of the residential park;
- the name and contact details of the park owner;
- the total number of home sites in the residential park and whether the residential park is completed or under development;
- whether there are other types of accommodation in the residential park, for example caravans and holiday rentals;
- a copy of the park rules and whether the park rules include any restrictions on home owners in relation to pets;
- the general increase day for the residential park for each basis on which site rent may be increased under a site agreement;
- mandatory fees or costs for a home owner that are not included in site rent;
- optional services or facilities available in the residential park for an additional fee or cost;
- utilities that are available to sites and how they are supplied, including details of any embedded networks and details of any known restrictions on installation or use of solar panels;
- the number and types of parking spaces other than home owners' personal parking spaces;
- accessibility, security and safety features of the park;
- details about the day-to-day management of the residential park;
- whether communal facilities or communal property in the residential park is insured;
- whether the residential park has a home owners committee; and
- whether the park owner is part of an industry-based code of practice or accreditation scheme.

In relation to registration requirements, new section 18A of the MHRP Act provides that a park owner may register a residential park by making an application in the approved form. The application must include the information listed in section 18A(3), including:

- the name and address of the park;
- the name and contact details for the park owner;
- details of the land on which the sites in the park will be located;
- details of the communal facilities, services and amenities available to home owners and other residents of the park;
- a list of all proposed bases on which site rent may be increased under a site agreement for a manufactured home positioned on a site in the park; and
- a copy of the emergency plan and park rules for the park.

For section 18A(3)(j) of the MHRP Act, clause 4 the Amendment Regulation which creates section 2A prescribes additional information to be included in or attached to an application to register a park including:

- a copy of any development approvals for the planning and construction of the residential park;
- whether the residential park will contain other types of accommodation in addition to owner-occupied manufactured homes, for example caravans;
- other residential parks operated by the park owner;
- a copy of example site agreements and sale agreements for prospective manufactured home owners; and
- an estimate of the proposed site rent, or the proposed range of site rents payable by a home owner in the first year of operation of the residential park.

New section 18C of the MHRP Act provides that the chief executive must keep a register of residential parks. The register may include the information listed in section 18C(2). This includes:

- the name and address of the park and park owner;
- details of the land on which sites are located;
- the number of manufactured homes;
- the communal facilities, services and amenities available;
- details of bases on which site rent may be increased;
- a copy of the emergency plan; and
- park rules and other key information about the park.

As well as the information listed in section 18C, the register may include other information prescribed by regulation.

For section 18C(2)(l) of the MHRP Act, clause 4 of the Amendment Regulation which inserts section 2B prescribes additional information that may be kept on the register to include all information included in an application to register a residential park or contained in a residential park comparison document, whether the park has commenced operating, and the date at which operating commenced.

Consistency with policy objectives of authorising law

The Amendment Regulation is consistent with the objectives of the MHRP Act.

Inconsistency with policy objectives of other legislation

The Amendment Regulation is not inconsistent with the policy objectives of other legislation.

Alternative ways of achieving policy objectives

There are no alternative means of achieving the policy objectives of prescribing additional requirements for park comparison documents and park registration requirements, as outlined in the Summary Impact Analysis Statement for the Amendment Regulation.

Benefits and costs of implementation

The Amendment Regulation is not expected to result in significant cost burden on the residential park sector or on the capacity of government institutions. The amendments are expected to have a positive impact through improving the transparency and accountability of residential park owners to prospective manufactured home owners, manufactured home owners, government and the community.

Prescribing requirements in relation to park comparison documents is expected to result in improved satisfaction for prospective home owners from improved ease of comparison and improved clarity and predictability of rent increases, along with potential improvements in park amenities and downward pressure on overall site rents due to creating an efficient mechanism to inspire competition between residential parks.

As identified in the economic analysis set out in the Decision Impact Analysis Statement, the park comparison document reform is expected to result in a net benefit of \$1,379,537 (net present value) over ten years. Further details on the costs and benefits of the reform are included in the Decision Impact Analysis Statement and the Summary Impact Analysis Statement.

The register of residential parks is expected to impose modest costs on park owners compared to current requirements. It is not proposed to charge park owners a fee in relation to a registration application.

The benefits of the register include greater oversight of residential parks by the community and the administering department, including evaluating the impact of broader reforms introduced into the MHRP Act by the Amendment Act, monitoring industry trends and viability, and identifying possible systemic issues which might warrant regulatory consideration. These would be expected to provide some indirect benefits to park owners and home owners.

Consistency with fundamental legislative principles

The Amendment Regulation has been drafted considering the fundamental legislative principles outlined in section 4 of the *Legislative Standards Act 1992* and is consistent with these principles. Sufficient regard has been given to the rights and liberties of individuals and the institution of Parliament.

Consultation

Between 19 July 2024 and 5 August 2024, the department undertook consultation with stakeholders on draft forms (the content of which is underpinned by the new requirements in the MHRP Act and the Amendment Regulation) and a consultation paper outlining proposed requirements for residential park comparison documents and registration applications.

This consultation was undertaken with the Alliance of Manufactured Home Owners, Queensland Manufactured Home Owners Association, Caravanning Industry

Association of Australia, Caravanning Parks Association of Queensland, Council on the Ageing, National Seniors Australia, Property Council of Australia, Queensland Law Society, Queensland Retirement Village and Park Advice Service, and Urban Development Institute of Australia.

Industry stakeholders expressed concern about the levels of information being requested, noting that some of the information required by the registration form may not be available at the point of application. To address this concern, some proposed requirements for registration were removed or revised to allow for point-in-time estimates to be provided.

Consumer focused stakeholders were broadly supportive of the forms and information proposed for collection but requested additional detail be included around site rent, facilities and services, and recommendations to seek independent advice. This feedback will be implemented in the approved forms where appropriate.

Two industry stakeholders thought the exemption criteria for having a website (parks with fewer than 10 homes, and without a website) was too narrow, and that existing websites for tourist-focused parks may not be appropriate for comparison documents. One consumer group advocated there be no exemptions for residential parks. To address this feedback, a broader exemption criterion threshold of 15 sites will be required. The department will work with exempted parks to encourage them to make it as easy as possible for prospective home owners to access the comparison document.