



Supporting Home Owners with Government

P.O. Box 349

Burpengary QLD 4505

Email: [REDACTED]

Website: amho.com.au

Phone: [REDACTED]

Response to the National Housing & Homelessness Plan

The Alliance of Manufactured Home Owners Incorporated (AMHO) is a non-profit, unpaid volunteer staffed association assisting Manufactured Home Owners living in residential parks and villages in Queensland.

AMHO provides its members with information, assistance and advice on matters pertaining to the Queensland Manufactured Homes (Residential Parks) Act. AMHO helps its members interpret and understand their site agreement and the relevant legislation, giving practical assistance to members in meetings with park owners / managers, mediation, or disputes before the Tribunal. AMHO issues monthly updates and quarterly newsletters, maintains a website, email, and phone contact for our members, along with park and public meetings.

AMHO believes that manufactured home owners are *unique*, as they own their home but rent the land it is sited on, meaning they are entitled to rent assistance from the Federal Government. This living style of “Over Fifties Parks” has provided affordable retirement living to those people downgrading from the large family home, and for some the opportunity to purchase their first ever home without the high cost of purchasing land.

National Housing and Homelessness Plan

Issues Paper

Question 3. How can all levels of government along with housing organizations, institutional investors, not-for-profits, improve access to social housing, which includes public housing and community housing?

OUR RESPONSE –

Make better use of Over-Fifties, Land Lease style, Residential Parks, and Villages, both public and privately run.

We need Parks and Villages with modern 150-200m² 2 and 3-bedroom, wheelchair friendly, modular/kit cottages/homes, with rails in both toilet and shower, that low-income retirees can afford to live in. Smaller homes offering an affordable rent for the tiny parcel of land the house stands upon, along with the facilities offered by the park owners.

Why two and three bedrooms? Residents in their twilight years will require a short-term live-in carer from time to time. Why third bedrooms? The second bedroom often becomes a craft/office room as most residents reside in these Parks/Villages for many years. There are Villages where residents have been living for more than thirty years and twenty years or more is a very common residential time in these establishments. Why kit homes? Because they can utilize a concrete slab making wheelchair accessibility cheaper and easier.

Low-income retirees love the Over Fifties Villages and Parks as it allows them to downsize into a home of their choice, at a price and rent level that they can afford without any cost to their family or Government, freeing up family homes for the upcoming generations. This type of accommodation has huge potential, as many thousands of low-income Baby Boomers are retiring or are about to retire, and are or will be looking to downsize into accommodation that they can afford.

Over Fifties Parks and Villages were once run commercially and economically by Mum and Dad operators at a price that residents could afford, prior to the current wave of Land Lease conglomerates, many from overseas, that have been buying them up and turning them into, no risk large profit money-making machines for themselves and their shareholders.

The newer resort lifestyle villages now being offered have larger upmarket homes, with many expensive extras costing over 1 million dollars in some 5 and 6 star resorts. These new parks are not the original affordable housing option those living on a pension can afford, along with the many single women and men who now call these villages home.

Here in Queensland, conglomerates have been buying up all Over Fifties Villages and Parks and are writing breaches of the Act into their resident's site agreements, as unfortunately changes made to the Act in 2019 has allowed the site agreement to override the Act, giving no protection to home owners. Unfortunately, the Park Owners have all the power and AMHO is currently lobbying Members of Parliament to get the Act changed, as we know this is an excellent retirement option for those on a fixed income.

Parks should preferably be run by Not-for-Profit or community organizations with enough government control to prevent single pensioners being priced out of their own homes as is currently happening in Queensland.

We also know that NSW has an Act which offers very little protection, and the other states have virtually none at all, allowing the Land Lease companies to operate with profits of up to 65%.

Who are these large companies taking over this sector?

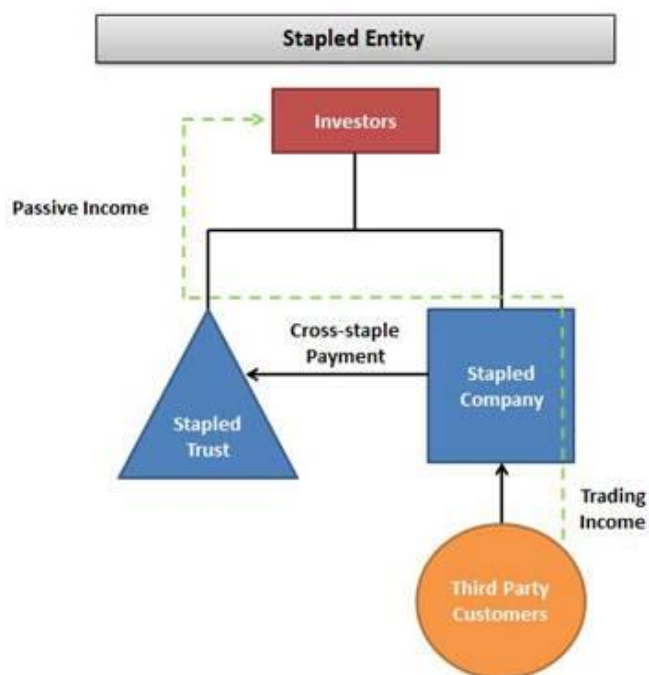
Hometown Australian Communities (owned by Hometown America), Ingenia, Gem Life, Palm Lakes and Stockland who sold their Retirement Villages to a Swedish Investment Firm for \$987 million to concentrate on the Land Lease sector, plus many other smaller players. These large companies are cashed up and buying the smaller privately owned villages and companies, then putting up site rents and cutting back on services, ensuring high profits for the shareholders.

HOW ARE PARK OWNERS GENERATING SUCH HUGE PROFITS?

We know that park owners were expanding and making healthy profits back when the CPI was running at 1%, many assisted by the Stapled Structure Tax Minimisation* (see below) put in place by John Howard to provide affordable housing. We know of one park that collects \$3M in rent from 304 villas with annual outgoings of less than \$700K. This shows ample scope for park owners to grow their business without making this housing model unsustainable for home owners, as currently it is the home owners who are bearing all of the risk.

Stapled Structure Tax Minimisation* - Stapled Structures is achieved by the company or private park owner, for taxation purposes splitting the entity into two.

One becomes a corporate trustee entity which holds all the land, facilities, and infrastructure, while the other is the operational arm of the business with all income and expenses as a normal business operation.



At every quarter when the BAS statement is due to be lodged, the operation business does what is called a stapled transfer to the corporate entity. In other words, they are “leasing the village from the corporate entity” and then effectively transferring up to 70% of profits to make a loss. Therefore, they can legally claim a loss to get a return on their BAS Statement. The corporate trustee entity will only pay 15% tax and the Tax Office advised that they only have to show the books of the operational arm to the Queensland Government, perpetrating the myth to government that they are at risk of not being viable. *Source *Australian Taxation Office, Gaura Gupta, Director Infrastructure Strategy Public Groups & International*

We also draw your attention to the Stockland Prospectus dated the 19th July 2021 when they were purchasing Halcyon, where on page 6 it boasts of a “**High quality recurring income for occupied portfolio with an operating margin of 65% Strong revenue operating margins with low ongoing capital expenditure ... this when CPI was at 1%.**”

Question 4. What should Governments, private industries, not-for-profit, and community sectors focus on to help improve access to housing and housing affordability in the private market?

OUR RESPONSE –

Over Fifties Parks and Villages fit into this sector as there will always be many thousands of low-income retirees or retirees wishing to use the equity in their family home for travel or whatever else they could not do whilst working.

These Over Fifties Parks and Villages are a necessity and an asset in every community, as this is where low-income retirees can enjoy their independence without being a burden on anyone. Independence is vitally important to the elderly that they will give up almost everything else to obtain or maintain it. The age of residents currently living in these communities is 65 years to 90 years of age, with 60% of these residents being single low-income pensioners, many living below Australia's poverty lines. However, we know that a good village environment will provide the company and activities which will keep the residents engaged, healthy and active.

Park Owners advertise the benefits of land lease as - no stamp duty, no council rates, retain your capital gains and no exit fees that retirement village residents face. This lifestyle is excellent for retirees and those who are in the transitional phase, moving from full-time to part-time work as they prepare for retirement. Prospective home owners are seduced with wonderful scenes of groups of people enjoying all the facilities on television advertising, which sales people then continue to build upon to finalise the sale. This type of selling does not come with any 'BUYER BEWARE' statement, as it is the compounding of large site increases, known and unknown such as CPI and Market Rent Reviews, controlled by the park owners, that affects all future affordability.

Our members have reported varying responses when employing a Lawyer to read through their site agreement before purchase. Replies have ranged from *"all looks okay"* to *"no point as they won't change anything for you."* We know that the only negotiation available with site agreements is the statement – *"if you don't sign you cannot live here."*

Park Owners are also including many unfair and illegal rules in their site agreements and when home owners complain they are reminded *"you signed the site agreement and by doing so have agreed to this."*

It is important that the Annual Site Fees be applied at a flat 1% and no greater to ensure affordability, so that it does not outstrip the fixed incomes of residents and to protect the long-term viability of this housing market sector. Rent increases must be restricted to once per year and not increased during that year when a new contract is signed.

An efficient and effective dispute mechanism will need to be provided, preferably an Independent Ombudsman, as here in Queensland the QCAT system has failed the residents living in these villages.

It can take 2-4 years to hear disputes and QCAT has no power to enforce their rulings, hence many park owners just ignore them or appeal decisions when residents have a win using the full might of their legal resources, while our Queensland Act makes residents pay the increased site fee until the decision is made. This is grossly unfair as the increase should not commence until the dispute is resolved.

Remember residents own their homes, maintaining and insuring them and are only paying for the tiny piece of land that their home stands upon. Once the parks are full the expense of running the park lessens with a guaranteed fortnightly payment from the home owner, whether their home is occupied or not. The home is only sold once by the park owner and the money will then flow forever. These massive profits are driving the Park Owners rapid expansion throughout Australia, fuelled by the excessive profits provided by this business model.

This style of affordable housing will work providing there is control on the raising of site rent fees, as the compounding factor over the years using CPI and Market Rent Review increases has led to the older smaller villages with very few facilities and services paying higher rent than the six-star resort style residents.

The Alliance of Manufactured Home Owners Inc believes this housing model could be used for many groups including families, providing the stability of a home without the high cost of purchasing land. Thirty years of this style of living has given us the opportunity to learn from the mistakes made over the years and along with proper protection laws would give many people the security of homeownership.

**The Management Committee,
Alliance of Manufactured Home Owners Incorporated
19th September 2023
Website: <https://amho.com.au>**