



## **INFORMATION SHEET No 3**

### **Manufactured Homes (Residential Parks) Amendment Bill, 2024**

### **SITE RENT INCREASES TO BE CAPPED/LIMITED**

**This amendment which limits the extent of site rent increases is effective from 6 June 2024 and is in effect now.**

Site rent increases in the future will be limited so as to not exceed 3.5% or the relevant CPI (Consumer Price Index) whichever is the higher.

The basis for the increase set out in individual site agreements will remain and is unchanged by the Amendment Bill.

Once the increase calculation as provided in the site agreement has been completed the result will be capped to the limit set out in the Bill. That is 3.5% or CPI whichever is the higher. It does not mean that the increase will be 3.5% or CPI but that the increase will be capped in this way.

To assist in understanding this concept please refer to the examples below.

#### **Situation 1: The increase basis in the site agreement is CPI ONLY**

The actual increase will not be affected by the cap and the increase will be whatever the CPI is for that year.

If the CPI figure is 2.5% then the increase will be 2.5% whereas if CPI is 5% then the increase will be 5%.

#### **Situation 2: The increase basis in the site agreement is a PERCENTAGE ONLY**

The increase will be calculated at the percentage listed in the site agreement but cannot exceed 3.5% or the CPI for that year.

If the fixed percentage in the site agreement is 3.5% or less then the increase will never reach the cap, so the increase paid will always be as on the site agreement.

If the fixed percentage on the site agreement is more than 3.5%, then the cap could affect the site rent paid, and there are 3 possibilities:

- i. If CPI in a year is below 3.5% then 3.5% is the maximum that can be paid rather than the fixed percentage.
- ii. If the CPI in a year is over 3.5% (say 3.7%) but below the fixed percentage on in the site agreement (say 4%), then the CPI number (3.7%) is the cap and that will be the increase basis for that year, rather than the fixed percentage.



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- iii. If CPI in a year is equal to or more than the fixed percentage in the site agreement (say CPI is 4.5% and basis in site agreement is 4%) then the increase paid will be as stated on the agreement (4%) because this will be below the cap for that year.

### **Situation 3: The increase basis in the site agreement is CPI PLUS 2%**

If CPI is 4% add the 2% making 6% the increase will be capped at 4% being the higher of CPI or 3.5%

If CPI is 2% add the 2% making 4% the increase will be capped at 3.5% being the higher of CPI or 3.5%.

*To explain further:*

**If the increase basis is CPI only** then the increase will be the current CPI. Nothing else matters.

**If the increase is a combination of CPI plus a percentage or plus a dollar amount**, the increase will be calculated as per the site agreement, but the result will be capped at 3.5% or CPI whichever is the higher.

**If the increase is a fixed percentage**, then the increase will be that percentage unless it exceeds the cap of 3.5% or the CPI for the year whichever is higher, in that case it will be reduced to the cap.

**This capping of site rent increases applies to all current and new site agreements.**

**NOTE.** The amendment Bill does not alter the basis for site rent increases set out in your site agreement but provides the result of the calculation cannot exceed the limits imposed.

There is no requirement for site agreements to be rewritten as the Amendment Bill will prevail over the site agreement.

Any questions on the above should be emailed to [secretary@qmhoa.org.au](mailto:secretary@qmhoa.org.au)

**Note: This information is QMHOA's understanding of the Manufactured Homes (Residential Parks) Amendment Bill, 2024, the Explanatory Notes that accompanied it and briefings from the Department of Housing, Local Government, Planning and Public Works.**