

STRATA & COMMUNITY LIVING

Brought to you by



SPRING 2015



BACK TO THE FUTURE: STRATA LAWS REVISITED - AGAIN

The NSW Government released yet another set of draft strata laws in early August inviting the community to submit their views on the latest proposed laws. This time the government released two draft Bills – *Strata Schemes Development Bill 2015* and *Strata Schemes Management Bill 2015*.

Just to recap, the NSW Government announced in late 2011 that it would undertake a process of community consultation in order to do a complete and thorough review of the existing strata laws. Indeed they did that and by the end of 2012, Strata Community Australia (NSW) and pretty much every other interested group, company and individual forwarded their submissions on the state of the industry.

During the next three years the Minister changed three times, there were at least two draft Bills and various episodes of consultation including round tables and of course more submissions.

That brings us to 2015. The Minister for Innovation and Better Regulation, which covers the strata industry, is the Hon Victor Dominello, MP and we have two draft Bills to consider.

The *Strata Schemes Management Bill 2015* aims at replacing the current Strata Schemes Management Act 1996. SCA (NSW) has reviewed the proposed Bill and forwarded the concerns it had about some of the changes in a submission to the NSW Government.

Amongst the concerns was the matter of serving notices to tenants, which strata managers argue could increase costs for owners, and a new provision that levies are not due and payable for 30 days after the date of notice. This could severely hamper the payment of urgent expenses such as meeting Council orders for fire compliance, urgent legal costs and items of public health and safety.

Of the provisions in the new Bill that owners are likely to welcome include by-laws may now be made limiting the number of persons

who may reside in a lot. The proposal is that two adults be permitted per bedroom. This is a step in the right direction in addressing the issue of apartment overcrowding.

Building defects are also extensively addressed although this is not likely to affect those already dealing with defect issues. The new legislation would only apply to new buildings constructed after the legislation commences. Still it is worth noting the Government's proposal that property developers lodge a bond of around two percent of the total value of the property to cover the cost of addressing defects.

New model by-laws have also been drafted and while these do not affect buildings that have adopted the current model by-laws there is nothing preventing strata schemes from adopting the new laws provided the usual agreements are reached amongst the owners corporation.

The second Bill, *Strata Schemes Development Bill 2015*, addresses separately the matter of community renewal which SCA (NSW) has played a large part in. Readers may have heard that the Government proposal could force owners to sell their apartments but this is not the case. Once the hysteria is peeled away the proposal is simple – make it easier for owners to get majority agreement to terminate their existing scheme so it can make way for a new building and new scheme.

There are lots of old strata schemes in NSW that simply have passed their use-by dates, are not energy efficient and can offer their owners a better opportunity if rebuilt.

The draft Bill ensures that all the rights of owners are taken into consideration and that no one is left on the street or forced from their homes.

We will bring you more information as it is made available to us. In the meantime we understand that the legislative changes will begin to take effect from 2016.



The best of community living

Each year SCA (NSW) holds its annual awards recognising excellence and innovation in the strata industry. The 2015 awards were no exception with a strong field of individuals and companies vying for various titles from Strata Manager of the Year to Innovation of the Year and more.

Strata owners are also included in the awards with SCA (NSW) seeking submissions from strata schemes that demonstrate the spirit of community living. The winner was a strata scheme that once had been a hotel (no this is not an episode of *The Block*) built in the 1960s which was in need of some updating since being registered in the 1990s as a strata scheme.

After years of discussions about improvements to the building, the executive committee and the strata manager came together, researched exactly what was needed to be done to bring the building up-to-date and then pulled a brief together.

What ensued was a project that saw the façade refurbished and upgraded which included the use of sustainable paint solutions and colours that would enhance the building and “bring it into the 21st Century”.

Other works included the design and construction of a roof top garden, fire safety upgrade, installation of LED lighting which resulted in a 30 percent power saving and development of better communications tools for the owners – including a Facebook page.

The delivery of all these elements has resulted in a much improved sense of community within the building. Residents are proud of their block and the executive committee has noted a more harmonious and collaborative community has been formed.

The one common thing amongst all the entrants was the effectiveness of the executive committee and how they worked with their strata manager. One of the entrants, which has a committee of four representing close to sixty apartments, works closely together with the goal of bringing the community together. Recognising they have a community largely made up of young professionals they have adopted electronic communications such as email and Facebook to reach their owners and tenants. The ubiquitous lobby noticeboard is still used to reach those residents who are missed via electronic means.

In a further example of open communications, the executive committee chair freely gives their contact details to owners and tenants and is happy to share details of what’s happening in the building from providing guidance on moving to keeping pets.

Recent completion of communal space on the rooftop was celebrated with a gathering hosted by the executive committee. This was so successful that subsequent gatherings have been well attended.

For one strata manager a new executive committee and building defects that needed to be addressed were an opportunity to build a stronger community. In this instance the nine person executive committee was open to guidance from the strata manager who then assisted them to undertake a review of the existing by-laws, develop a web page, install energy efficient lighting, engage professionals to assist with budgeting, maintenance and future expenditure and develop a community garden.

The outcomes have been very successful with the entire committee working together and the communal garden creating a sense of community.

Clearly the keys to having a community spirit are open communications, the ability to work together and using the resources provided by your strata manager.

If these elements are working for you then maybe consider entering the awards next year and becoming a great example to others of how great community living can be.

Buying off the plan: latest property developer tricks

If you’re an investor, upsizer to a bigger apartment or downsizer to a smaller one, there are some things you should know about buying an apartment off the plan.

Sydney and many regional centres are awash with small, medium and large scale development projects as developers cash in on the demand for new housing and apartment stock.

No doubt there are lots of readers who have had a great experience with buying off the plan. You’ve gone to the developers marketing display, chosen your floor and apartment position, paid a deposit and at some later time realised your dream when you’ve turned the key to that brand new apartment. It was a great positive experience and everything you wanted. Well almost ...

Recently in an article by Jimmy Thomson in the *Sydney Morning Herald* it was reported that the Minister for Innovation and Better Regulation was planning on targeting the practice of “shape-shifting”.

The story *Victor Dominello announces plans to improve protection for apartment buyers* (10 September 2015) says that “shape-shifting [is] where developers change the size, layout and number of apartments in their scheme to allow for a more lucrative configuration.”

In an earlier story, the *Sydney Morning Herald* (Auburn deputy mayor *Salim Mehajer* and his *Lidcombe developments* 19 August 2015) reported that Mehajer (better known for closing streets so he could have a lavish wedding), who is also a property developer, “is hoping to make more than \$45 million extra profit by simply shifting walls around on one of his developments in the Auburn council area.”

The article goes on to say that “people who bought off a strata plan for his SkyPoint Towers in John Street, Lidcombe, were told last week their apartments are to be reconfigured.”

At present there are no laws around this. The matter is purely a contractual issue so buyer beware; you could end up not getting what you paid for.

For the buyers of Mehajer’s apartments there are two options – cancel the contract and get their deposits back or accept the reduced size but with no compensation.

The other issue, raised in Thomson’s article is the matter of sunset clauses that are meant to protect consumers but can be used by property developers who in the current market are using it as a means for making a lot more money.

The scenario in this case is that the developer deliberately delays the work so that eventually the consumer cancels the contract because of the delays and the apartment is then put back on the market by the developer at a much higher price.

The Minister says that Fair Trading is looking at this issue as in his view, consumers need to have better protections from this type of practice.

We’ll keep you updated on this and other issues Fair Trading is looking at that affect consumers in strata.

Strata snip-its

Information, updates and the latest scams to be aware of all in one spot.



Scam watch

The Australian Securities and Investment Commission (ASIC) website www.scamwatch.gov.au has a few warnings that *Strata and Community Living* wanted to bring to its readers attention.

Firstly, consumers are being warned to beware of fake lotteries or competitions on social networking platforms.

Scamwatch says, "Scammers have been sending messages through social media platforms advising recipients that they have won a lottery, draw or competition. They will often pretend that they are affiliated with the social networking platform or another reputable company to make it seem legitimate. The scammer will then request personal information to confirm your identity as the winner and then claim that, in order to receive the 'win', you first need to transfer them money for taxes, fees or other reasons."

Another more serious scam, especially for those who rely on their computers is the increase in ransomware attacks. This is where malware blocks or limits access to your computer or files on your computer then demands that a ransom be paid to unlock your computer.

"Infected computers often display messages to convince you into paying the ransom. Scammers may pretend to be from the police and claim you have committed an illegal activity and must pay a fine, or they may simply demand payment for a 'key' to unlock your computer. If you pay the ransom, there is no guarantee your computer will be unlocked," Scamwatch warns.

Keep up-to-date with the latest scams and protect yourself and your family by checking www.scamwatch.gov.au.

Strata Owner Seminars

SCA (NSW) regularly runs seminars for strata owners on a variety of topics from how to run meetings, to insurance issues, and most recently dealing with waste. This last initiative was run in conjunction with Waverley Council.

Strata owners who are SCA (NSW) members can attend these seminars for free while non-members pay a nominal fee. The seminars are held around Sydney. Past attempts to hold seminars in Newcastle have not attracted participants but if you live in a

regional area and there are enough owners wanting a seminar then SCA (NSW) might just consider it.

Check out the SCA (NSW) website for topics, dates, times and locations www.nsw.stratacommunity.org.au

The website also has information about becoming a Strata Owner Member and the benefits that go with this including regular updates and invitations to social and educational events.

Strata Community Australia (NSW) Ltd

Ph: 02 9492 8200 Fax: 02 9492 8298

Email: enquiries.nsw@stratacommunity.org.au Web: www.nsw.stratacommunity.org.au

All rights reserved. No part of this publication may be reproduced or transmitted in any form or by any means now known or to be invented, electronic or mechanical, including photocopying, recording or by any information or retrieval system without written permission from the author or publisher, except for the brief inclusion of quotations in a review.

EDITORIAL CONTACT: SCA (NSW) Ltd, Level 1, Suites 101 & 102, 845 Pacific Highway, Chatswood, NSW, 2087

DISCLAIMER: Please note the information enclosed is general in nature and cannot be relied upon as legal advice. Strata Community Australia (NSW) Ltd and its members disclaims any liability (including for negligence) to any person in respect of: anything; and the consequences of anything, done, or not done, by any such person in whole or partial reliance upon the whole or part of the information enclosed.

Strata & Community Living is a joint initiative brought to you by SCA (NSW); the peak industry body representing strata managing agents and others committed to the continual improvement in standards of strata management practice in NSW and your strata managing agent.



strata
community
australia®
(NSW)