

Strata and Community Land Schemes Reforms

Phase 1 – November 2023

Changes to the laws regulating strata schemes – the *Strata Schemes Management Act 2015* and *Strata Schemes Development Act 2015* – and the laws regulating community lands schemes – the *Community Land Management Act 2021* and *Community Land Development Act 2021* – will come into effect on the date of assent to the Strata Legislation Amendment Bill 2023, which is expected by the end of November 2023.

Strata renewal process

- Requiring all owners to disclose any direct or indirect financial or other interest they have in a strata renewal proposal,
- the Land and Environment Court (the Court) to consider potential conflicts of interest for both strata renewal applications and objections to renewal before making an order to approve a plan or endorse an objection,
- enabling the Court to award costs against dissenting owners in the renewal process who act unreasonably or in bad faith, and
- giving the Court leeway to approve a renewal plan where the renewal process has not been strictly followed.

Pets and assistance animals

- Prohibiting an owners corporation or association from charging a resident a fee or bond or requiring insurance for a pet kept on a lot,
- ensuring that by-laws cannot affect the ability of assistance animals to perform their duty on a lot or common or association property, and
- maintaining the privacy of persons with an assistance animal by clarifying the forms of evidence that schemes can request to establish an assistance animal's status.

Strata and association committees

- Preventing members from participating or voting on a matter where they have a financial interest (excluding the strata renewal process),
- making it easier to remove underperforming committee members,
- prohibiting a person from serving again on a strata committee for a period of one year after being removed, and
- increasing the cap on the number of association committee members from nine to fifteen.

Meeting governance

- Extending, from seven to fourteen days, the minimum period for giving notice of the annual general meeting of the owners corporation or neighbourhood association,
- requiring original owners to provide key documents at least 14 days before the first annual general meeting of the owners corporation or association, and
- extending existing proxy voting restrictions by placing restrictions on how many owners a power of attorney or company nominee can represent.

Overall governance of schemes

- Clarifying the rules around repayment of money that has been transferred between administrative and capital works funds, or has been paid from one fund for expenses that should have been paid from the other fund,
- allowing schemes to request payment of levies in 14 days, instead of 30 days, for necessary repairs to mitigate a serious or imminent threat to occupants' health or safety,
- requiring all strata and community land schemes to obtain at least two quotes for proposed expenditure over \$30,000,
- requiring a landlord's agent to provide notice of a tenancy to the owners corporation or association of a scheme and requiring that they give a copy of by-laws and other relevant documents to a tenant where this has not already been done, and
- enabling tenants to provide their own notice of their tenancy to the owners corporation or association where a landlord or agent has failed to do so.

Managing agents

- Requiring managing agents to give notice of the expiry of their contract with the owners corporation or association, within three to six months before contract expiry.

Reforms with delayed commencement

Three reforms will come into effect at a later date, yet to be determined:

- Extending to community land schemes the restriction on owners corporations making by-laws or decisions that prohibit the keeping of a pet on a lot,
- giving standing to the Commissioner for Fair Trading to seek the appointment of a compulsory managing agent at the NSW Civil and Administrative Tribunal, and
- requiring schemes to keep new records in an electronic form – this will begin six months from date of assent, giving owners corporations time to prepare.

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