



MEMBER ALERT

REVIEW OF STRATA AND COMMUNITY TITLE LAW

On 15 September 2012 the NSW Government released the 'Strata & Community Title Law Reform Discussion Paper' (the Review). In responding to this review the following areas will be a key focus:

1) Re-development of existing strata schemes

The number of households in NSW is projected to increase to 3.72 million by 2036, a rise of 41%. Part of meeting the strong underlying demand for housing will be renewing aging, low density strata developments. A large scale redevelopment or refurbishment of an older building will require changes to the strata schemes. The Review identifies that the current laws pose barriers to major changes as current strata policy requires a Supreme Court order or all residents to agree to dissolve the strata scheme and sell the site for redevelopment.

HIA supports the investigation of alternative options for terminating strata schemes to help make it easier to renovate ageing apartments and open up development opportunities for new high density strata schemes.

2) Lot Renovations and common property

Owners have been restricted from renovating their lot (for example, kitchen and bathroom renovations) without body corporate approval because the walls, floor and ceiling are common property. Often getting this approval means amending the by-laws, which can be expensive and time-consuming. The Review discusses a practical and common sense approach for allowing owners to renovate if certain conditions are met, such as notifying the owner's corporation and agreeing to cover the cost of damage to common property.

3) Building Defects and common property maintenance

Although design and construction standards are outside the scope of the review, the Review notes that building defects such as water leaks and structural cracks are a common concern in strata buildings. Disputes are often complicated over whether repairs are needed due to a defect in the building work, or because of inadequate maintenance by the owners corporation. The Review discusses introducing developer maintenance schedules as a way of removing any confusion regarding whether the defect is actual or is wear and tear.

HIA submissions to the review of the *Home Building Act* acknowledge the potential benefits of the use of maintenance schedules as a matter of good management practice.

4) The Role of the developer

The review raises various questions on the role of the developers in establishing the scheme and managing post construction issues such as defects and suggests that can result in a conflict of interest for developers. The review poses that one option to address this matter may be to exclude developers from voting on motions relating to defects.

The Strata & Community Title Law Reform Discussion Paper can be viewed online at: http://www.fairtrading.nsw.gov.au/About_us/Have_your_say/Review_of_strata_and_community_scheme_laws.html

Submissions are due on 15 November 2012.

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