

STRATA & COMMUNITY LIVING

SUMMER 2020

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DEFECTS RECTIFICATION GUIDE



As the NSW Government works towards delivering better quality builds for the future; one of our recent collaborative efforts with the UNSW Sydney's City Futures Research Centre and the University of Technology Sydney have seen the development of industry-first guides and reference material.

The creation of the 'Strata Defects Rectification Guide' has enabled researchers to gather comprehensive data on the granularity of defects and deliver a consumer-friendly guide (a first of its kind), to help owners and managers navigate the complexity of defects.

The online tool provides vital information on the approach to building defects under the legislation to help property owners navigate the process of identifying, documenting, reporting and rectifying building defects in strata schemes.

It's an informative guide to support strata property owners worried about whether they have defects in their apartment building, or who need more information on how to rectify defects in their strata scheme.

It will help owners to know what they should be thinking about, who they should be talking to, what sort of risks they should be looking at, as well as how to find out who is responsible for existing building defects. It can be hard for owners to find all the information they need to deal with defects; this guide is a tool that helps buyers and owners navigate that information asymmetry.

We believe the last few months have been an historical step

forward for the strata industry in New South Wales; a sharp contrast for the sector which has been notoriously plagued by defects.

With NSW's reforms and the building commissioner reshaping construction quality, this guide compliments the retrospective effort of the strata industry in educating and assists consumers deal with the practical realities of defects.

Our support and participation have directly led to progressive and unprecedented guides which are now available for all those who live in strata titled property.

The 'Defects Rectification Guide' is developed as a first point of call if owners are worried about defects in apartment buildings.

We strongly believe this project will provide critical information to better inform, advise and protect all strata stakeholders in NSW.

The findings are intended to inform changes to planning and development policy and regulation, leading to improved building quality and safety, lower costs and stress for owners, more resilient urban communities, and better urban planning outcomes.

The guide can be accessed [here](#).



DEMAND FOR
EV CHARGING IS
GOING TO INCREASE
DRAMATICALLY

ELECTRIC VEHICLES IN STRATA

Under the Sustainable Sydney 2030 strategic plan the City of Sydney provided innovation grant funding to study Electric Vehicle (EV) charging in residential apartment buildings.

Given their popularity on the rise, we think EV's and how they're charged are worthy of consideration for all owners corporations, and to start asking how consumer demand may impact their schemes.

The study looked at the issues of Electric Vehicle charging in residential strata buildings. Key findings of the study were:

- 48% of respondents plan to have an electric vehicle within the next 5 years
- The majority want a user pays charging system (79%) on individual car spaces (61%)
- Most buildings will require integration with the common area power supply (e.g. lifts, carpark, foyers, facilities)
- Power management systems will be needed to shift EV charging loads overnight
- Energy efficiency and renewable energy projects can increase capacity
- By-laws are needed to manage electric vehicle charger installation and usage
- New developments are starting to market their buildings as "EV Ready" to attract premium values
- 78% of strata residents surveyed were in favour of installing charging stations now.
- Existing power infrastructure cater for less than 10% of residents based on 32amp chargers; and
- 30% of strata schemes surveyed were at risk of overloading within the next three years.

As key players in strata management, members of SCA are in a prime position to pave the way for the adoption of this technology that promises a cleaner, quieter and more sustainable future.

It could well be the case soon that EV charging availability is as much a driver of consumer behaviour (and apartment values) as the availability of high-speed internet.

Owners Corporation should consider that their first request to

install an EV charging station may not be their last!

The research paper provides strong evidence that demand for EV charging is going to increase dramatically in the years to come. Establishing by-laws now sets the ground rules for all future requests and can avoid some misunderstandings.

Are electric cars common enough to warrant charging stations?

By 2035-6 as much as 27% of Australia's new vehicle fleet could be electric with over 2.8 million EVs on the road.

Generally, apartments are built with very little spare capacity in the electricity supply cables from the street, or in individual unit switchboards. A further issue is that where high-rise apartments are built in inner city areas with older supply networks, there can be long timelines for increasing the street capacity, even if there is agreement from the owners corporation to increase supply cable sizes to the apartment block or individual units.

You'll need to consider spare capacity in the main switchboard and in either the individual's own section or the publicly metered section—including physical room for the additional circuit breakers.

Introducing EV charging into an apartment block or multi-unit site is also going to impact on the future available power supply to other apartments or units, so any new EV charging unit (even a 15 A power point in the owner's parking spot) will need to be negotiated with the owners corporation.

Will strata allow you to modify a parking space for a charging station?

While there's no one-size-fits-all answer, strata schemes could be more open than ever before to approving charging stations in common parking spaces.

A charging station would require a motion to be approved and passed by your owners corporation, depending on where and how the equipment would be installed and how it might affect the property's energy usage.



FEES IN STRATA – SCA NSW

SCA (NSW) have had a lot of questions lately regarding owners corporation fees. While nobody likes parting with their hard-earned cash, the fees charged are absolutely vital in managing shared facilities.

The owners corporation is responsible for maintenance, repair, and overall management of the common property. This includes:

- financial management
- insurance
- record keeping
- repairs and maintenance of common property
- by-laws
- employment of a strata managing agent and/or a building manager (if they choose to do so)
- keeping up to date with, and adhering to, all applicable laws. This includes planning; building; fire and safety inspections and work, health and safety laws.
- Strata roll

The owners corporation must also prepare and keep a strata roll. Including information such as:

- the owner's name and address/email for service of notices
- the owner's agent and the agent's Australian address/email for service of notices
- the strata plan number and the address of the building
- the name of the original owner and an Australian address for notices
- the name of the managing agent (if there is one) and an Australian address for notices
- the total unit entitlements for the scheme and each lot
- insurance details
- the by-laws for the strata scheme.
- Details of any tenants (name and address/email) for service of notices.

Contributions and funds:

To manage these responsibilities, and to ensure that the building has adequate funds to maintain the building, owners are charged a fee/levy. These contributions are worked out in proportion to the unit entitlements of each lot.

The funds are kept in an administrative fund for day-to-day expenses and a capital works fund for major works, maintenance, or repairs.

Levies are a fee or 'contribution' paid by all lot owners in a scheme to cover any projected costs and expenses. All levies must be worked out in proportion to the unit entitlements of each lot. Strata fees are paid by lot owners and go towards paying for the expenses associated with all the common property in the strata scheme. This includes common

driveways, gardens, hallways, external walls and roofs.

Setting levies:

Levies are calculated at the annual general meeting (AGM) by the owners corporation. To set the levies, a budget must be given which shows the current financial situation and any estimates of payments to be made and received. The budget must be:

- distributed with the notice of the AGM, or
- tabled at the meeting before voting on the levy motion.

The motion to set the levies must be approved by a majority vote.

Contributions can be paid by instalments, and the dates and amounts can vary.

What are fees used for?

Ongoing operational and maintenance costs can include the cost of a strata management service, cleaning and gardening contractors, shared utility bills, insurance, and regular plant and property maintenance.

Generally, the bigger the property, and the more amenities available for lot owners to use, the higher these costs will be.

Lot owners must also contribute an amount to cover future planned works, such as facility upgrades and renovations, and emergency repair and breakdown of property, plant, and equipment.

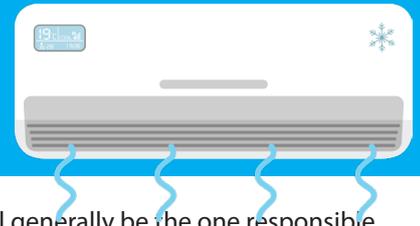
How are owners corporation fees calculated?

Each lot of an Owners Corporation (e.g. your apartment, your carpark, your storage area) has a stated 'Lot Liability' that is indicated on the Plan of Subdivision. The annual operating and Maintenance Fund budgets are divided by the lot liability for each apartment/carpark/store that you own, and a resultant annual levy is established.

For those considering buying a strata-titled property, a good guide on what owners corporation fees you should expect to pay can be found in the previous year's strata report. These reports can be purchased online or obtained from your conveyancing lawyer. They contain information on the financial status of the owners corporation, pending and past building works, the cost of current levies and fees, the likelihood of extra levies, insurance costs and owners corporation building rules.

Fair Trading also have excellent resources and in-depth levy and capital work fund information [here](#).

STRATA AND AIR-CONDITIONING – SCA NSW



Air conditioning is a godsend during the blistering summer months, however, installing it in a strata property is not as straightforward as you might think. It is possible, but there are a few factors you must consider first.

Today we review the typical considerations when planning a purchase of air-conditioning.

According to section 110 of the Strata Schemes Management Act 2015, minor renovations to common property relating to the owner's lot are allowed, with the approval of the owners corporation given by resolution at a general meeting.

The approval may be subject to reasonable conditions but cannot be unreasonably withheld.

In clause 28 of the Strata Schemes Management Regulations 2016, the installation of a reverse cycle split system air conditioner is included in the definition of minor renovation works. This means that according to strata laws, it is typically possible and legal to install a split system or ducted system air conditioning unit.

Owners corporations through a special resolution may wish to consider passing a by-law that allows owners to install an air conditioner providing they meet certain criteria. If your strata scheme doesn't currently have a by-law relating to air conditioners then approval to install the unit would have to be agreed at a General Meeting or Annual General Meeting – this would require the drafting of a special by-law for that singular request.

If a standard all-compassing by-law was passed, then potentially permission may only have to be granted at a Strata Committee meeting – making the process much quicker and easier.

The permissions you will need for installation, and who is responsible for installation, depend on two primary factors: what type of air conditioning system you wish to install, and where you want to install it.

Portable air conditioning

If you wish to install a portable air conditioning unit or fan

in your apartment, you will generally be the one responsible for its installation. These smaller units can be more cost-effective than larger systems, easier to install, and more environmentally friendly.

However, you will need to consider whether the appearance of such a unit in your outside window contravenes your strata's by-laws. In any case, consult these by-laws or your owners corporation first.

Split or ducted air conditioning system

If you are considering installing a permanent split or ducted air conditioning system, gaining the approval of your strata's owners corporation first is a must as this forms what is called a minor renovation under the new strata laws. To do this, you need to submit a proposal that includes the details regarding the system you seek to install – the brand, size, where you wish to locate the air conditioning unit, and so forth.

The owners corporation should be able to tell you whether there already exists a by-law about air conditioning and how it applies to your installation plans. If the air conditioning unit will require changes to common property – the drilling of holes into walls for piping, for example – a specific by-law may need to be written up before you can commence with the installation.

Maintenance and repairing of the air conditioning system, once installed, will likely be your individual responsibility. However, whether this is the case will be clarified during the approval process.

What if my application gets rejected?

If your application gets rejected, the Owners Corporation will provide the reason in writing. You can review whether your work plan did adhere to the by-laws. If you feel the rejection is unreasonable, you can take your application to the NSW Civil Administrative Tribunal.

For a more cost-effective and energy-efficient installation, consider talking to the owners of your strata scheme building about having a ducted system installed for the whole building.

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