

Strata legislative changes should clarify mixed use buildings

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The release today of amendments to the NSW Strata Schemes Management Act in relation to building defects raises a number of concerns, says the Urban Taskforce.

"The proposed amendments to the Strata Act clarify a number of issues but raise further concerns about the practical implementation of the building defects scheme," says Urban Taskforce CEO, Chris Johnson. "Of particular concern is that the two percent bond will apply to mixed use buildings where only a small proportion of the building is strata apartments. The strata owners corporation would seem to have the overview of defect resolution on the non-residential commercial component of the building."

"For example, under the *Central Sydney Planning Strategy*, The City of Sydney Council is proposing a cap on floor space for residential apartment buildings above 55 metres in height. This cap would limit residential floor space to 50% with the remaining half to be commercial or other uses. It is highly likely that these mixed use buildings will need to provide a two percent bond on the total contract price for the whole building."

"The Urban Taskforce believes the NSW Government should review the act in relation to mixed use buildings and only apply the bond to the strata residential component of the building."

"While most of the amendments will make the new system for managing defects more effective the Urban Taskforce still has concerns about how the proposed system will work in a practical sense. Of concern is whether there will be sufficient inspectors suitably qualified to produce defect reports. The government has outsourced the inspector role to a number of industry organisations who will be responsible for monitoring the skill of inspectors and ensuring sufficient numbers of inspectors for the tasks ahead."

"It will be important for the NSW Government to monitor the number of qualified inspectors and the practicalities of the management of defects as the scheme is rolled out.

"The Urban Taskforce is keen to work with the NSW Government in ensuring that the management of potential defects in strata apartment buildings is undertaken in a streamlined and effective manner so that extra costs that will flow to individual apartments are minimised."

The Urban Taskforce is a property development industry group, representing Australia's most prominent property developers and equity financiers.

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