

# STRATA & COMMUNITY LIVING

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WINTER 2016

## Strata Regulations reviewed

At the end of April the NSW Government released the draft Strata Schemes Management Regulation 2016 and draft Strata Schemes Regulation 2016 for public comment. The consultation period closed on 27 May and is now with NSW Fair Trading for further consideration.



SCA (NSW) produced and forwarded a comprehensive submission to the NSW Government. This is available on our website and incorporates member feedback.

There are a number of areas of concern for SCA (NSW) in relation to both sets of draft Regulations. We have outlined some of these concerns, our response and recommendation as to how they could be reworked below.

One proposal is that tenants meet prior to an AGM to elect a tenant representative. SCA (NSW) believes this will add another unnecessary layer of red tape to an already complicated AGM process. It would also add costs to owners for its administration. The owners corporation will need to pay their managing agent's costs associated with organising and attending this meeting as well as the costs associated with postage of the notice to tenants. This starts to add up when you consider that on average more than 50 percent of lots are tenanted.

SCA (NSW) estimates this will require a minimum 2.5 hours of strata manager's time plus printing and postage. These costs will also have a disproportionate effect on small schemes as the costs associated with the managing agent organising and attending this meeting are likely to be very similar, except for postage costs, no matter whether the scheme is small or large.

Another area of concerns is that governing window locks. By March 2018 all strata titled properties in NSW are required to have fitted window locks to enable windows to be locked at 12.5cm when the devices are engaged. This applies to all common property windows above the ground floor.

Under the draft Regulations there is no requirement for window lock installers to be certified. SCA (NSW) strongly believes that certification surrounding window safety device installations is essential.

Additionally, there is no provision in this regulation that requires the re-certification that these devices are compliant. As with other essential compliance items such as smoke alarms, window safety devices should be subject to a cycle of re-certification. These devices are fixtures that are not expected to deteriorate in a short space of time and the suggestion is for re-certification every three years.

Readers will have heard a lot about the model by-laws, which under the proposed Regulation apply only to residential and does not include other forms of strata. The model by-laws will only apply to schemes registered after the legislation becomes enacted and only where the developer has not already put in place an alternative set of by-laws.

In the current regulations there are six sets of model by-laws, namely for: residential strata schemes; retirement villages, industrial schemes; hotel/resort schemes; commercial/retail schemes; and, mixed use schemes. There are no model by-laws for these five types of schemes in the draft Regulations.

We will continue to communicate with the NSW Government to ensure the new Acts and Regulations make strata living better.



## Strata still booming

# How to stay warm this winter without doubling your energy bill

With the cooler winter months already making themselves felt it's time to prepare for the chilly mornings and nights. Many of us, however tend to put comfort over logic and wake up to a hefty energy bill at the end of the cooler time of year.

In order to prevent this from happening, and to not have to compromise on winter comfort, here are some tips on how to survive the cooler months without facing an excessive bill later.

### Winter-proofing your apartment

It definitely pays to prepare your home for the cooler time of year. Laying rugs on tiled floors, closing windows, installing draft blockers on doors and ensuring there aren't any gaps that can draw in cold air from outside are worthy undertakings.

### Doors and Windows

It's not uncommon in apartment buildings for there to be a draft through corridors and hallways. Keeping doors and windows shut will minimise heat loss. Using a draught blocker at your front and back doors are an excellent idea and not as old-fashioned as you might think.

### Curtains

Around 40 percent of heat is lost through windows. Invest in some good window coverings and draw blinds and curtains to keep the heat in otherwise you're wasting energy and money.

Monitoring the times when you open and close them can make a significant difference when it comes to conserving energy. Open windows during the day to let fresh air through but make sure to close the windows before the cool evening air sets.

### Heating

Advances in technology have delivered ever more efficient ways to heat our homes. While some properties have been designed with this in mind (including proper insulation) quite a lot have not. Gas is lower priced than electricity and kinder on your wallet, but unless you have gas installed and a bayonet, most tend to use plug-in electric heaters or reverse cycle air-conditioners and these can draw a fair amount of power.

Taking it easy on the dial can make a huge difference - meaning you run your heater at high to bring the temperature up, then switch to low or medium to maintain it. Even stepping out of the room for just a few minutes can make the heat disperse quickly.

With heating making up a major chunk of your energy consumption, being mindful during the cooler months can leave some extra cash in your back pocket, rather than handing it over to the power company.

With more than half of Sydney's population expected to dwell in strata schemes by the year 2030, more strata community schemes, apartment complexes and especially greener, high-density housing developments are expected to grace the city landscape.

While NSW already has over 2000 strata schemes right across the state, this trend will only continue to grow.

With interest rates at a historic low it is the perfect time to get into the market; to transition from renting to owning; to plan ahead for the down-sizing step or to simply look at strata as an ideal investment.

Strata property has long been an attractive option for property buyers. Now more than ever with the ever increasing housing shortage, particularly in our cities, the lack of development land and our growing population, plus the considerably lower price tag, strata has become the highly sought after commodity it is today.

### Areas of high demand

The strongest growth is in the Sydney city area with Parramatta, Canterbury and Hornsby next in line. Ryde and Auburn stand out with the next highest number of strata complex completions.

The age-old rule of close proximity to employment centres, education, shopping and places of entertainment continues to hold strong, and will determine not only where strata developments will occur, but also their price tag and how quickly they will get snapped up by buyers and tenants alike.

According to the Urban Development Institute of Australia, Sydney's outer ring easily doubled the amount of inner city new building construction last year, with strata making up two thirds of the approvals. Expectations are that this will continue during 2016 and beyond.

### Owner occupying vs investing

Owner-occupiers are represented across the generations. They are the baby-boomers opting for less maintenance, more lifestyle and

more convenience. They are also downsizers, empty nesters, professional couples, sibling/friend buyers and singles.

The benefits for owner-occupiers are that they have less land tax obligation, less maintenance and lower repair costs, since these are largely covered by sinking funds. Plus, having the support of the strata community means peace of mind when there are any building related issues.

The high growth, high demand property segment of strata apartments has drawn the attention of investors who are scooping up strata property. They come from all walks of life, recognise the yields from high rental demand and understand that strata properties make a good entry point for them. Buying strata property also offers good scope for depreciation and can work more favourably in terms of taxation.

Strata investors can range from mums and dads adding to a retirement portfolio, to serious and professional property speculators, from foreign investors to SMSFs (self-managed super funds) and to rent-vestors. If you are not familiar with this term, due to rising prices close to the city centre, the so called tenant-vestor has emerged, where people live in a rented apartment close to where they would prefer to be, yet invest in an area which is perhaps more affordable and thus start to grow a property portfolio while essentially renting their home.

As there is a huge demand for strata and apartment rentals, the need for investors remains constant. Many people who already live in a strata dwelling are often likely to invest in the same thing since they have become familiar with the benefits of strata first hand.

With sale price increases across the five top strata growth areas in Sydney (Sydney, Parramatta, Bankstown, Canterbury and Hornsby), of 20% and above in 2015, it is easy to understand why investors are seeking out strata property in these particular localities. Median rental returns remain strong and with demand not likely to subside, we will be seeing more and more investors focusing on strata properties in the future.



# Strata snip-its

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Information, updates and the latest seminars all in one spot.

## Strata Owners Day 2016

Our first ever stand-alone Strata Owners Day, held on 30 April this year, was hugely successful and planning is already underway for the next one.

While we used a similar format to past events of this nature, what made it different was that it wasn't combined with the annual convention for strata managers and industry service providers.

Around 122 strata owners and tenants attended and heard from various guest speakers plus participated in Flat Chat live hosted by none other than Jimmy Thomson himself.

Of course the hot topic of conversation was the new strata laws closely followed by dispute resolution and keeping costs down.

Twenty five of the industry's suppliers supported the event through various forms of sponsorship. They exhibited their products and services talking to owners on everything from law and insurance to painting and security.

To see photos of the day go to [www.nsw.stratacommunity.org.au](http://www.nsw.stratacommunity.org.au) and click through to events.

## Scam Watch

We regularly try to warn our readers of the latest scams that have surfaced. Here is the latest batch. If you find yourself a victim of scam don't be embarrassed and do report it to police. Some of the schemes are so sophisticated that you wouldn't know it was a scam until it was too late.

Here's what's doing the rounds:

### Property investment schemes

The ACCC (Australian Competition and Consumer Commission) is warning consumers about property investment schemes where the promoter talks up wealth creation but is in reality just in it for themselves.

Their methods include getting consumers to go along to wealth creation seminars and making claims that may be misleading or false and inaccurate.

Advice from the ACCC includes:

- Do not rely on the advice that property spruikers provide.
- Do your own research before making a decision - seek independent financial and legal advice from licensed professionals with their own professional indemnity insurance.
- Be wary of high pressure sales tactics rushing you into decisions, signing contracts or paying fees (including discounts offered to seminar attendees who sign up on the day).
- Be suspicious of claims that the scheme is 'government approved' by frequent reference to the Australian Taxation Office (ATO) or Australian Securities & Investments Commission (ASIC).

### Fake surveys and gift card offers

This scam offers fake gift cards or vouchers in return for disclosing credit card details and other personal information. The ACCC says that this year alone it has received 1,175 complaints about fake surveys, emails and social media posts misusing the brand names and logos of some of our biggest and best known companies including Woolworths and JB Hi-fi.

To protect your personal information always verify if the offer is legitimate. You can do this by going to the retailers' official website or by calling the retailers' official customer service line.

Stay safe readers and protect your personal information.



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