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Under One Roof

Owners Corporation Amendment Act 2021: Snapshot

After being in preliminary stages for a few years now, the Owners Corporations and Other Acts Amendment Act 2021 has now passed Victorian Parliament and will come into effect from 1 December 2021. The new act includes several changes which Owners and Managers have requested for a long time and is welcomed by the industry as a good step forward.

Tiered system

As part of the changes, a new tiered system has been introduced which places some more stringent regulations upon higher density strata plans. The system is as below;

- Tier 1: >100 occupiable lots
- Tier 2: 51 - 100 occupiable lots
- Tier 3: 10 - 50 occupiable lots
- Tier 4: 3 - 9 occupiable lots
- Tier 5: 2 occupiable lots or a services only owners corporation

Tier 1 and 2 Owners Corporations are now required to have an approved maintenance plan as well as stricter auditing processes.

All properties, excluding Tier 5 OC's, are now required to obtain a valuation.

Committees

The number of members on the committee has been capped at 12 members in the past but this has now been reduced to 7. This move is consistent with research suggesting smaller groups make better decisions or 'in layman's terms', preventing "too many chefs in the kitchen".

Proxy Voting

The rules have changed restricting the number of proxies that any one person can hold. If a property contains 20 or less occupiable lots, a person may only vote on behalf of one lot owner. If a property has more than 20 occupiable lots, a person can vote on behalf of up to 5% of lot owners.

These new rules have been introduced in order to prevent any proxy farming which may have been occurring where owners gathered large numbers of proxies and controlled the outcomes of meetings. The exception to this rule is voting on behalf of lot owners who are your family members which is considered reasonable.

Further to the above, in cases where a committee vote occurs, a member of the committee can only assign their proxy vote to another member on the committee.

Owner Corporation Rules

In a positive move for the environment, installation of sustainability items such as solar hot water systems and solar panels cannot be prohibited based on aesthetic reasons alone unlike other installations.

The Owner's Corporation is also now able to make rules that regulate and prohibit the drifting of tobacco smoke from lots in multi-level buildings.

Insurance

Insurance excesses as well as increased premiums may now potentially be recovered from lots that cause an insurance claim to occur, this includes any claim caused by a tenant as well as a guest on site. It can at times be difficult to accept that neighbours can affect the price you pay for insurance. This protection will assist many owners by placing more responsibility on the individual.

The minimum acceptable cover for Public Liability insurance has also been adjusted in line with inflation from $10 million to $20 million.

More Interesting Changes

To make it easier to execute documents, an Owners Corporation is no longer required to have a common seal. OC's can resolve by ordinary resolution that a common seal is no longer required and can be destroyed.

Owners Corporation Management contracts must not exceed 3 years. In the past, there has been no limits on the length of a contract with some in the industry known to be over 10 years long.

An unusual provision included, is that any rainwater or other water that occurs, falls or flows on common property is taken to be a part of common property. This provision essentially allows Owners Corporations to harvest water.

Some important restrictions have been placed on developers to further protect owners from unscrupulous behaviour. These rules include;

⇒ Developers being unable to be appointed as a manager of the OC or receive any payment from the OC regarding the manager's contract of appointment.

⇒ Developers being unable to vote on any resolution relating to a building defect.

⇒ Developers must not create a private lot from an area that would normally have been common property eg foyers and rooftops

To view all changes in the full amendment act please visit www.legislation.vic.gov.au

Property market update | Property in a pandemic

Almost 2 years into a global pandemic, there is now a chance to reflect on the impact these unprecedented times have had on the property market in Australia.

When the pandemic first sent Australia into lockdown in March 2020, it was expected that the demand for property would drop off significantly, with the big 4 banks warning of up to a 32% crash in housing prices. This would not turn out to be the case.

Instead, Australia has just recorded its highest rate of annual price growth since 2003, at 16.4%. This increase places Australia in seventh position in the world ranking, which looks at price growth among 55 countries and territories around the world.

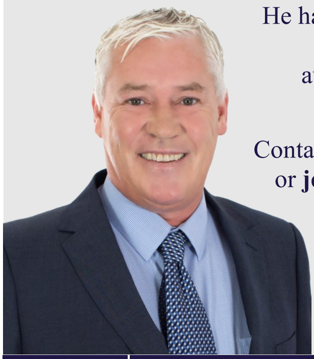
Of these countries, India and Spain were the only two markets that did not see price growth. This is the lowest proportion of markets to register a pricing decline since the Global House Price Index commenced in 2008.

“Driving this growth” says Ross-Hunt Sales Director, Jeff Anderson, “Is both a fall in the volume of properties on the market, as well as an increased demand assisted by an incredibly low interest rate environment. Material shortages and global inflation have an effect too.”

Lockdowns have also made the desire for more space and a backyard suddenly became necessities for many households with working from home and space for the kids to play to consider.

As a result, demand for free standing homes – particularly those with reasonably sized backyards – went through the roof. In all Aussie cities, house prices rose much faster than for apartments, a little more than double the percentage. As you would expect, the number of these types of homes on the market plummeted, down 42% compared with 2018.

All this has caused buyers to experience a “fear of missing out”. The average time a property spends on the market has fallen from 31 days to just 10-14 days in Melbourne and Sydney.



Jeff Anderson is the Director of Ross-Hunt’s Sales Department. He is an Award Winning Auctioneer and Buyers Advocate. He has over three decades of experience selling and auctioning property right across Melbourne.

Contact Jeff on **0411 222 744** or **jeffa@rosshunt.com.au** if you need any real estate advice or would like a market update on your home or investment property.

Rank	Country/Territory	Annual change
1	Turkey	29.2%
2	New Zealand	25.9%
3	United States	18.6%
4	Slovakia	18.6%
5	Sweden	17.2%
6	Luxembourg	17%
7	Australia	16.4%
8	Canada	16%
9	Netherlands	14.5%
10	Russia	14.4%

(Source: The Knight Frank Global House Price Index Q2 2021)

In rural areas, prices have soared too as buyers look to make the ultimate tree change. Significant price moments across the year include Wollongong and Newcastle in NSW respectively up 23.1% and 21.9%, and Launceston in Tasmania and Broome in WA’s Kimberley region, both up 22%. In South Australia, Port Lincoln appreciated 17% and in Victoria, the gold rush city of Bendigo gained 14.3%. But the big winner was Queensland, with prices in all regional zones in the state increasing.

In the long term, the boom’s fate will be decided by the strength of demand as the pandemic driven factors fade, however it is reported that the RBA are unlikely to lift interest rates until 2024 to dampen housing prices.

Jeff Anderson predicts “As it stands, it appears likely the ongoing property boom will continue, even as first home buyers increasingly find themselves priced out of the market, the number of investors buying into the market continues to go from strength to strength. Those being pushed out of suburbia are buying in outer rings and country locations.”