

Questionnaire for ACT October 2024 Election Candidates

Resident owners, investors and residents in strata in the ACT are concerned about the rising cost of living & affordability of their homes and the amenities they have as apartment or townhouse owners or occupiers.

Owners Corporation Network (OCN) ACT is drawing these concerns to your attention and asking you what you will do about them as a Party Candidate or an Independent if you win a seat in the next ACT Election in October.

A review of Strata Rates and Land Tax is one example where those in greatest need could benefit by savings of hundreds of dollars per year - this is number one in our list of priorities (*below*) for election candidates to consider.

Do you know that approximately 160,000 ACT taxpayers are owners, non-resident investors or tenants in the 80,000 strata units. *Do you know* that the high-rise developments around the town centres are the equivalent of a large new suburb where the residents in the developments continually pay for much of the supporting infrastructure and amenities?

Priority Issues for Strata

1. The rates and land taxes charged by ACT Government on strata properties are based on a changed calculation method that was introduced in 2017. Rather than splitting the unimproved value for rating purposes (UVR) amongst unit owners and basing rates on that, the ACT Government now calculates the rates that would be payable on the UVR of the strata property and splits those rates amongst unit owners. This has the effect of excluding all units from the lowest valuation rating tiers and resulted in large rate increases for unit owners. The impact on the most affordable housing (1- and 2- bedroom apartments) was dramatic, with rates increasing by as much as 120% in the year of introduction. The OCN (ACT) contends that rates for strata units should take account of the reduced land usage, infrastructure and amenities that 'vertical living precincts' involve versus the cost to the ACT taxpayer of building new suburbs. In contrast to detached housing, many of the amenities used by unit owners are provided and funded by the unit owners themselves. We need a proper review as promised by the current Government.

Will you support a return to the original rating approach to ensure a fairer outcome for those living in strata units?

2. The support offered to detached home owners for environmental initiatives is substantially more favourable than that given to those living in strata complexes. Improving environmental sustainability in the strata context is often reliant on changes to common property, involving challenging processes to secure owners' agreement. Current support schemes do not make adequate allowances for the complexities of communal decision making, and conflating social and environmental objectives can make progress difficult or impossible. The OCN (ACT) believes that the ACT Government needs to give higher priority to, and support for, ensuring that strata complexes play their part in the transition to a low-carbon future. Funded feasibility studies on the more difficult challenges are needed to show the way forward, and concessional loans (or grants) are needed to assist with implementation.

What will you do to ensure strata residents get their fair share of government support?

3. Many living in high-rise strata buildings have no access to electric vehicle charging in their underground car spaces, and it is likely to be sometime before the necessary infrastructure can be provided. More public charging stations are needed in the high strata growth areas – moving away from the present focus on locating such facilities in the vicinity of licensed clubs. This investment will buy time on in-house charging alternatives and better equip Canberra to meet the needs of the many tourists and visitors that frequent the city.

Will you actively support the provision of more public EV charging stations, with network augmentation as necessary.

4. The prevalence of building defects in residential apartment complexes has been recognised and the Government has various initiatives underway to address the problems. Building defects affect home affordability since they often need to be repaired at owner's cost, with developers and builders commonly escaping liability for substandard workmanship. The OCN (ACT) wants to see stronger legislation and better, more independent compliance management to encourage a higher standard of construction. The current reliance on certifiers appointed-and-paid-for by developers is clearly open to conflicts of interest.

What will you do to ensure that ACT apartment and townhouse buildings meet the Building Codes or are rectified at the builders and developers cost? Will you support the current Government programs and help add to them?

5. When homes are built by developers and builders using inferior or 'unfit for purpose' products, the whole-of-life maintenance and repair costs are inflicted on future owners and tenants. The OCN (ACT) wants to see better legislation and compliance management.

What will you do to ensure that inferior or defective products stay out of ACT apartments and townhouses?

6. The high cost of insurance for strata complexes is due in part to weak competition in what is a captive market (*given insurance is compulsory*) and in part to rising risk-based premiums. It is further exacerbated by government charges, broker fees and strata manager fees that are based on a percentage of the premium. These extra fees, charges and commissions create conflicts of interest with little incentive for those employed to assist owners to seek minimum, efficient insurance coverage. Commissions and the like should be capped or regulated.

What will you do to stop 160,000 ACT Voters being price gouged on the insurance they have to pay?

7. In town centre areas with a new high concentration of high-rise apartments security and personal safety is a serious concern and basement car parks are a regular target for thieves. Increased ACT policing is needed. These high-rise communities are contributing more revenue to ACT revenue than sprawling suburbs with similar populations but, in addition to the rates they contribute, many are compelled to engage private security services to augment inadequate police resources. The lack of determined follow-up from Police simply encourages criminals, and strata residents suffer increased injury, loss and damage as a result.

What will you do to push for a redistribution or increased supply of policing effort to better support areas of high-rise concentration?

8. Noise pollution is becoming an increasing problem in some town centre areas and research is showing that this can contribute to adverse health outcomes. Noisy vehicles and harsh acceleration (often racing in the evening hours) is a problem in certain areas. This needs to be considered and addressed.

What will you do to bring about a review of noise regulations and of planning regulations to ensure we can have vibrancy without significant discomfort?

9. Education options need to be provided for office-bearing members of Owners Corporations' Executive Committees to ensure better management and governance. This should be provided by an independent operator such as CIT, along with mandatory education for the certification of strata managers and programs for Continuous Professional Development (CPD). Owners want this educated support.

What will you do to help owners get the skills they need, and the skills that their strata managers should have, to manage multi-million-dollar buildings?

10. On-going strata legislation reform needs are continually being identified to cover problem issues. These could include:

- Establishing a guide or better regulation to ensure the short-term rental market does not have negative impacts on longer term residents.
- Avoiding developer control over meetings by excluding developer held proxies granted by multiple owners.
- Refining rules to ensure that worthy initiatives (for example, contributing to environmental sustainability) cannot be blocked by a small minority.
- Support for environment related initiatives by requiring ownership of all infrastructure to be vested in the Owner's Corporation as common property - disallowing 3rd party ownership by parties such as embedded network providers.

Key stakeholders including OCN, the Law Society, Master Builders and strata managers have been involved in consultation with ACT officials over several years, culminating in the November 2020 amendments to strata law in the ACT. Many existing and emerging problem areas remain, and the legislative reform process needs to continue.

Will you work to get ACT officials directed to continue consultations with all the stakeholders to continue law reform in the ACT?

11. OCN (ACT) favours the appointment of a Strata Commissioner to address all things related to strata living, and a dedicated ministerial portfolio backed by the support of a government unit. Currently disputes go to ACAT. There is an ongoing role for the ACAT, but many would be better directed to a cheaper simpler process to sort out rights and responsibilities early on without the time and costs involved in formal dispute resolution.

What will you do to help ACT owners and residents to sort out problems quickly, simply and cheaply?

12. Compliance management of legislation needs to be enforceable through a suitable organisation – it could be a function of Strata Commissioner's organisation. There are rogue players in the strata sector. Currently it is almost impossible for the affected owners to bring them to account.

What will you do to ensure existing laws and Agents Act Rules of Conduct are enforced?

13. OCN (ACT) would like to see the establishment of an industry emergency fund to support owners compelled to pay for emergency defect rectification. The buyers of the units do not cause the building defects – the developers and builders do. Yet the buyers often pay exorbitant costs, even to the extent of being forced to lose their homes and jobs as they go into bankruptcy. These emergencies may fall outside the 'legislated building rectification order period'. Where the builders and developers cannot be held directly to account there needs to be a fund to support these emergencies – ideally utilising fund reserves accumulated from contributions made by developers and builders.

What will you do to ensure that the buyers do not pay for the building defects they did not cause and that these owners do not possibly suffer catastrophic personal consequences?

For more information about OCN(ACT) please visit our website www.ocnact.org.au

Thank you for taking the time to tell 160,000 electors what you will do to help them.

Yours sincerely

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