

Legislation Committee

From: Alex Knight
Sent: Tuesday, 25 September 2018 3:15 PM
To: Legislation Committee
Subject: Submission-Strata Titles Amendment Bill 2018 Section 10 - Safeguards for the termination of schemes

The following submission is being made by Alex & Joanne Knight

Re: Strata Titles Amendment Bill 2018 Section 10 - Safeguards for the termination of schemes

Dear Sir/Madam

Together with my wife Joanne; we own Strata Plan 12788
We would like to make the following submission to the Committee based on the experience of the past 15 months or more:

I am currently a committee member of the strata council and also a past president of the council of owners. I am also one of four members of the Working Group elected and set up with 100% support of owners at an Extraordinary General Meeting of owners to explore options with regards to the sale of the Florina site..

The primary reason for owners wishing to sell was the rapidly escalating maintenance costs associated with an ageing building and the downward pressure on rentals due to the number of new developments occurring in the immediate vicinity. It should be noted that from a total of 27 lots; only 1, possibly 2 are owner occupiers.

Following proper procedure; the Florina site was listed for sale with 100% of owners signing individual listing agreements with Abel Property who were engaged as the Selling Agents. Prior to listing the site; various formulae were proposed with a number of *exceptions to the rule* regarding distribution of proceeds along the lines of Unit Entitlement. The exceptions were due to 2-3 owners declaring they should receive more than U.E. A compromise formula was agreed to by the remaining owners in order to appease those 2-3 and in order to expedite the sale. The compromise meant that the remaining owners would receive less than their U.E.

An offer for the site was subsequently received and was considerably more than the amount expected. The offer was accepted by all owners with the exception of 2 of the 3 previously mentioned owners who were holding out for more.

The purchase offer was made subject to a 45 day Due Diligence period by the buyer which was not met and the sale did not proceed. Owners are currently attempting to provide an extension to the listing agreement in order to pursue another offer. To-date; approximately 6 of the 27 lot owners have yet to re-sign the agreement.

In summary; notwithstanding our previous comments regarding dissenting owners or those attempting to exploit the current rules for personal gain, we agree that a level of protection should be given to vulnerable owners. In this particular situation, there was 100% support from *all owners* for the sale of this site until a minority "back-pedalled" attempting to exploit the majority. We are convinced that unless the legislation is changed to a majority vote; exploitation of the current rules by a minority of dissenting owners will persist.

To further highlight the unfairness of the current position; developers are able to easily exploit the rules with their financial "firepower" by purchasing a unit in a complex which; if *this* complex were to be developed (such as our site)

it may impact on the views or other amenities of the developer's proposed development which in turn would impact their (the developer's) sale price.

Thank you for the opportunity to provide this submission and (Alex Knight) is prepared to appear before the committee if requested.

Sincerely

Alex & Joanne Knight