

Legislation Committee

From: Kathy Lovell
Sent: Tuesday, 25 September 2018 8:38 AM
To: Legislation Committee
Subject: Strata Titles Amendment Bill 2018

To whom it may concern,

My name is Kathy Lovell and along with my fiancée Milos Jankovic are owners of an apartment in a strata complex of 27 units
This apartment forms part of our self-managed super fund.

About 18 months ago we were contacted by the strata company to advise that a few conscientious unit owners were keen to update all owners on what was happening with zoning changes in the City of Melville, more importantly within the Canning Bridge Precinct. This was done via an AGM.

At the AGM we were presented with what the zoning changes meant for our complex and the area in general. All owners agreed that we would be quite adversely affected by the development of brand new, feature packed apartment buildings being built surrounding our property, overshadowing us, creating more traffic congestion and in general lowering our property values.

26 of the 27 Units are owned by Investors, there is 1 only owner/occupier. As investors and owners no one wanted to risk retaining the property as we could all see that rental returns would diminish, occupancy rates would likely fall and finding tenants would become more onerous.

The complex is 50 plus years old having been built in the 60's. We are facing increasing maintenance costs with the upkeep (currently estimated at \$150k as all pipe works and plumbing is shot and in need of replacement) with a further estimated \$150k for electrical refurbishment in the coming few years, add to that diminished returns on investment and the decision to market the property for a potential developer became easy.

100% agreement to 'investigate our options' was reached. Over the course of the next 6 months a lot of work was put into the best way to go to market. It was agreed by all owners that that a professional agent was found to represent us. A lawyer was also engaged to ensure that any/ all offers were handled and managed correctly in the best interests of all 27 owners. The owners agreed to the agent and 100% of the owners signed a listing agreement with that agent. The agent secured an offer that was above our expectations.

At this point individual contracts needed to be drawn up to show the 'split' of the sale in line with Unit of Entitlement. This is when, I can only call it "Greed" kicked in as a few owners held out on signing, knowing that the sale could not proceed without their signatures as 100% of owners signatures were required, they demanded more money in their split than what they were entitled to. The developer (buyer) was not interested in spending a penny more on the land, as such, as owners, we were left no choice but to agree to fund the additional amounts to get the offer signed off. So they signed.

Sadly at the last minute the developer's financier pulled out and meant that the sale could not go through. The agents are currently pursuing other buyers and have several positive 'irons in the fire' at the moment, including the original buyer who still wants the property and is still trying to secure financial support, however, the agents listing agreements expired, and again, we are being held 'hostage' by a few owners who think they have us over a barrel.

So in short,

- 26 out of 27 are Investors.
- 1 out of 27 is an owner occupier – this owner wants it sold as soon as possible.
- We have a 50 year old complex requiring substantial spend to maintain.
- We have received an offer for well in excess of a fair market price, that price is still on the table with current potential buyers.
- We had 100% agreement to sell, so no one can be seen as 'vulnerable'.
- Finbar are currently building 400 apartments directly across the road and I have been advised that tenants are already leaving due to noise, dust and traffic disturbances due to the build.

- There are another two large developments 100 metres away across Canning Highway, apartment complexes, and another development on Kintail Road awaiting approval. This will further reduce our investment potential.
- Not selling now will have a negative financial impact on ALL owners in the very near future, no one wins.

The proposed Strata Titles Amendment Bill 2018 would allow us to pursue the sale, hopefully also maintaining the integrity of the Unit of Entitlement split, without owners being held over a barrel by a few unscrupulous people who see this as a chance to quite unfairly receive more than others.

The building will become an eyesore and a blight on the lovely leafy suburb of Applecross as owners will not spend the kind of money the upkeep requires when they are not getting a return on their investment. These changes to Strata Laws are long overdue in my opinion.

Yours Sincerely

Kathy Lovell