
Strata Schemes

Thinking outside the box and reaping the rewards!

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There have been a lot of changes in NSW strata since new legislation came into force nearly 2 years ago – concepts like collective sales and redevelopment are not just being thrown around but becoming live issues for strata schemes.

The changes seem to have sparked a new wave in clever 'outside the box' thinking by owners corporations resulting in financial windfalls for owners, lower operating costs, improved amenities, protection from hostile redevelopment proposals and often ensuring the continued healthy operation of the strata scheme for years to come.

Some of the clever ideas strata schemes are putting into action include:

- Repurposing disused areas of common property, converting the space and subdividing it to make a new lot within the strata scheme – with either rental or sale income for the owners corporation;
- Adding a storey (or two!) to the building in the common property airspace and then subdividing to create new lots within the strata scheme – the new 'penthouse' apartments are then sold realising income for the owners;
- Permitting lot owners to extend into the common property roof or basement space of a strata scheme – with the lot owner paying the owners corporation a significant fee to acquire this area on title by strata subdivision of their lot. Another advantage of this is that the lot owner is then responsible for the ongoing repair and maintenance obligations for this area;
- Reworking parking arrangements and common property to create new parking spaces within scheme land which can then be sold by the owners corporation, either to existing owners or if permissible to third parties;
- Using the new strata legislation to enlist the help of the local council or other authorities to solve problems, such as fixing an unauthorised parking problem by creating a strata parking area on common property that is policed and monitored by the council not the owners corporation; and
- Utilising a part of the common property and leasing or licensing these areas as a continuing income stream – whether it is a telecommunications tower or bee hives on the roof, or licensing part of the garden or providing bike parking or storage for a fee, the possibilities for use and income earning potential for most owners corporations are yet to be fully explored.

Owners Corporations are in a unique position where now more than ever before, owners can get together, get clever, safeguard their financial future, fund repairs and maintenance and ensure the continuing healthy operation of their strata scheme.

All of the above examples are achievable but require specialised legal and accounting advice to obtain the best results.



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Speirs Ryan is a Sydney based boutique property law firm with national coverage. The firm is uniquely placed with specialist teams in both strata law and property transactions. This combination has rendered the firm a leading advisor in collective sales transactions. Speirs Ryan has advised a number of stakeholders on strata issues and transactions including owners corporations, developers and private interests.

For further information or advice please contact us.

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