

Realestate

COVER STORY

Owners' corporations share the load

Be aware of your slice of the costs, writes
Sean O'Callaghan

LAYOUT and location are major priorities for residences in any sort of shared development.

Good owners' corporations should also be on the list because they can be the difference between well-presented properties and shoddy complexes filled with headaches.

Previously known as body corporates, owners' corporations control management and maintenance of common areas within a shared development, from insurance and public liability to pools, gyms and building works.

They also help resolve disputes and enforce building rules.

Realestate has put together a shortlist of tips to spot an effective owners' corporation.

DO YOUR RESEARCH

Inspect the owners' corporation certificate attached to the Section 32 statement in the contract of sale.

Analyse the current financial situation of the group. As an owner, you take over a share of this amount.

If buying an apartment in a block of 10, your share equates to 10 per cent

IT PAYS TO BE PROACTIVE



of the total — and you may have to pay outstanding debts.

Also read the minutes of prior general meetings to understand what has been done and what is earmarked for the future as costly repairs may require more than the annual fee.

GET WHAT YOU PAY FOR

Some properties are managed by specialists in shared developments.

Assess their track record at other developments if possible. Inspect properties and speak with residents,

JMC Group managing director Martin Wagg advises.

"Does the manager return calls, do they pay attention to detail?" he said.

Such feedback also helps determine whether rates are justified.

"Don't be fooled by low fees, as these will likely increase due to poor maintenance," Mr Wagg said. "Managing a property is costly, preventative maintenance is key."

BE ACTIVE, GET INVOLVED

Once you have settled into a

PRESTIGE Strata and Property Solutions director Andrea Ranca (left) encourages owners to look for a corporation that is proactive in its approach to the job. Ms Ranca advises buyers to look for one that carries out frequent inspections throughout the complex. "A good owners' corporation does site visits to assess what work is needed so when it is time for meetings residents know exactly what is required and what work needs to be contracted out," Ms Ranca said. "Residents generally make the final decision but the owners' corporation provides feedback and gives advice on what is the best approach."

development, play an active role in its management. Regularly attend owners' corporation meetings and volunteer for the committee.

You may then help plan future projects and have a say in how funds are allocated, according to Consumer Affairs Victoria.

"Current residents can assess their corporation's performance by participating in the decision making of the owners' corporation and inspecting the records of the corporation," CAV spokesman Sam Dalton said.

Mr Wagg also encourages owners to

get on board to help understand the decisions being made and why.

"People think owners' corporations are hidden demons or groups, but instead these people need to get involved," he said. "As soon as you buy into a development you need to pay interest like you would if it was your own house."

"You've got to get involved in the committee of the owners' corporation and take an active role and a sense of ownership to make things happen."

HOW MUCH WILL IT COST?

Oliver Hume Research shows typical annual fees, with no wet areas or facilities, is \$25 to \$30 per square metre for an average 45sq m one-bedroom apartment and between \$40 and \$50 per square metre for an average 60sq m two-bedroom apartment.

"For buildings with a higher level of amenity such as pools, gymnasiums, cinema rooms . . . facilities can range between \$4000 and \$8000 per annum," Oliver Hume executive director of apartments Jamie Kay said.

But costly rates can sometimes be avoided by settling on a residence in a high-density development.

"One of the benefits of living in a building with a large number of apartments is that the maintenance costs of those facilities are shared among more owners," Mr Kay said.