

13 December 2016

Hon. Marlene Kairouz MP
Minister for Consumer Affairs, Gaming and Liquor Regulation
Consumer Property Law Review, Policy and Legislation Branch
Consumer Affairs Victoria
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Dear Minister,

CONSUMER PROPERTY LAW REVIEW – OWNERS CORPORATIONS

I congratulate you on the recent Options Paper regarding the review of the *Owners Corporations Act 2006*. This legislation has a substantial effect on people living and working in Owners Corporation managed properties. The Act's operation also significantly affects Victoria's economy and our ability to encourage investment in this important property segment.

Bosco Jonson is Victoria's largest Land Surveying company. We work across the Housing, Apartment, Land and Infrastructure development industries. Our detailed expertise and record for innovation in high-rise and multi-unit developments managed by Owners Corporations are highly respected by the development sector, our peers and Government agencies. In addition, Bosco Jonson works as part of the nationwide survey group called Veris, which means we have a detailed understanding of how other jurisdictions deal with these types of reforms.

Section 7.3 of the Options Paper, discusses five alternative options for the sale or redevelopment of buildings that contain an Owners Corporation. Based on our extensive experience in this area, we make the following comments:

- 1 The Government must urgently reform Victoria's legislation to allow redevelopment of existing buildings to make them fit-for-purpose. This will also help to ensure housing affordability and environmental sustainability.
- 2 Change is required as the present Owners Corporation regulatory arrangements make it extremely hard (virtually impossible) to retrofit or redevelop unsustainable, ageing and poorly designed buildings.
- 3 Unreasonable objections and minority membership percentages within Owners Corporations should not alone be allowed to prevent retrofitting or redevelopment of units.
- 4 The adoption of the NSW model (Option 21A) would ensure consistency between the two States, which would greatly benefit property owners, the development and financial sectors.
- 5 Option 21B is welcomed as it would minimise the need to engage VCAT in the process. This is seen as a positive refinement of the NSW model, that will save time and legal costs without disadvantaging any parties.
- 6 The age of a building should not be the sole determinant of what percentage of the owners need to agree to its redevelopment. For example, poor design, change of surrounding activities, innovations in technology and other environmental issues needs to be given an equal weighting when considering the need to redevelop a



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building. Market forces will influence the owner's desire to redevelop, not just the building's age. For these reasons, Options 21C and 21D should be disregarded.

- 7 Residential and mixed used buildings are the most important opportunities for this reform to make a valuable and positive difference to the quality and sustainability of people's homes. The suggestion (Options 21E-1 and 21E-2) of excluding these property types significantly dilutes the value of the proposed reforms.

In summary, I strongly encourage the Victorian Government to quickly **adopt Option 21B**.

I would welcome the opportunity to meet and discuss these important issues in greater detail. I can be contacted on 9699 1400 or at fbosco@bosjon.com.au.

Yours sincerely,



Frank Bosco
General Manager
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