

STRUGGLING STRATA LOT OWNERS URGED TO TALK TO THEIR COMMITTEE TO FIND A WAY TO PAY LEVIES DURING COVID-19

Queensland unit owners struggling to pay quarterly body corporate levies during the COVID-19 pandemic are being urged to work with their body corporate committees to find a solution.

Strata Community Association (Qld), the State's peak body for strata title property management, is encouraging unit owners and body corporate committees to reach agreement with those who are suffering most from the economic effects of the COVID-19 crisis and to make decisions that best suit the interests of all in their strata community.

SCA (Qld) is the peak industry body for body corporate and community title management in Queensland, representing more than 300,000 apartments and units, or 70 percent of all strata title under management in Queensland.

Its members manage more than \$120 billion in property replacement value. Membership includes body corporate managers, committee members, lot owners and suppliers to the body corporate industry.

SCA (Qld) President James Nickless said it was vital for owners and committees to reach agreement on levy payments because essential maintenance on buildings had to continue despite the pandemic.

"We are aware of some schemes that have had financial impact and it's important to understand that body corporate committees have powers to reinstate lost discounts, waive penalty interest and agree to payment plans."

"But this is a regulated matter and committees must follow the legislation and make decisions in accordance with the Body Corporate and Community Management Act and related Regulations and that means only the collective of owners can change levies by way of a general meeting."

Mr Nickless warned that cancelling any maintenance work would have a severe and costly impact on the workflow and budgets of strata ecosystems but that committees have options to support lot owners by other means.

"Even if common facilities like pools and gyms are closed due to the COVID-19 government restrictions, there may still be fixed maintenance and management costs for these areas and there is an obligation to ensure common property is in a safe condition," Mr Nickless said.

"Many bodies corporate entered into long-term maintenance and service agreements prior to the COVID-19 crisis that requires them to pay a fixed amount each month for a caretaker or service provider to look after all of the common property. That includes areas that are not restricted from use, like foyers, lifts, gardens and grounds.

“If lot owners do not pay levies, they may lose discounts given to those who make timely payments and become liable to pay penalty interest..”

Lot owners are members of a body corporate. Once a year, those members elect up to seven people to be on the committee, responsible for the day-to-day management of the body corporate as volunteers.

Once a year, lot owners also have the chance to decide how much money will be raised within the community to fund the body corporate’s operations, including insurance, maintenance of common property and service of assets.

“The body corporate is responsible for the maintenance and management of all common facilities. The money raised each year goes towards that and there is usually little surplus,” Mr Nickless said.

“While a committee is responsible for day-to-day management of the body corporate, the legislation does not allow a volunteer committee to change the amount of money that has to be raised on lot owners.

“A decision to change how much the money is raised lot owners can only be by lot owners in a general meeting. The power to reduce levies rests with the owners in each community.”

Mr Nickless said that there are three options that a body corporate committee (without calling the general meeting) can decide on”

- reinstate lost discounts,
- waive penalty interest and
- agree to payment plans with individual lot owners.

“SCA (Qld) encourages all committees and lot owners to work together to reach accommodations for those who are struggling the most from the economic effects of the COVID-19 crisis and make decisions that suit the best interests of all in their strata community.

Most bodies corporate appoint a body corporate manager to assist the committee with administrative tasks. A body corporate manager has no power to make decisions such as changing the levies of lot owners. The body corporate manager helps guide the community to making decisions that are in the best interest of all owners.