

STRATEGIC PLANNING

---

# Strata Renewal Process Frequently Asked Questions

08 December 2022

### **What is the 'strata renewal process'?**

- The strata renewal process is the name given to the legal process by which a strata scheme creates and approves a strata renewal plan for either the collective sale or redevelopment of the strata scheme.
- If a developer approaches residents or the strata committee with the intention of purchasing the strata scheme, they must first submit a written proposal for the collective sale or redevelopment of a strata scheme (a strata renewal proposal). Once the proposal has been received, the strata committee will review the proposal and if it is agreed to pursue the proposal, a committee (a strata renewal committee) is elected to investigate and develop the proposal into a strata renewal plan. The strata renewal plan must provide for the purchase of each owner's lot, for an amount not less than the compensation value for the lot which is determined in a report by an independent valuer that includes details of the market value of the whole building and its site (at its highest and best use). Once the plan is developed, owners will have 60 days to consider it and any associated documents and decide whether to support the plan. If the owners of at least 75% of the lots support the plan a general meeting of the owners corporation will be held to resolve whether an application should be made to the Land and Environment Court for final consideration and approval of the strata renewal plan. If the application is sent to the Land and Environment Court and approved, the strata renewal plan is actioned, and the strata scheme is sold in a collective sale or redeveloped.

### **How do I know if the strata renewal process applies to my property?**

- The strata renewal laws apply to freehold strata schemes. They do not apply to leasehold strata schemes and strata schemes that are being developed in stages or where any part of the scheme is a retirement village.
- Additionally, the legislation which institutes the strata renewal process commenced on 30 November 2016 so it does not apply to strata schemes registered before 30 November 2016 unless the owners corporation first agree by resolution that the laws allowing for the strata renewal process will apply to their scheme.

### **Will I be forced to sell my strata property if a developer is looking to buy it?**

- If the strata renewal process is correctly followed and concluded, you will be required to sell your lot/s in according with the approved strata renewal plan and the terms of the court order. If the strata renewal process does not successfully conclude, you will not be required to sell your property.

### **How is the value of my lot determined if it required to be sold?**

- The strata renewal plan outlines the purchase price of each owner's lot in a collective sale, or a dissenting owner's lot in a redevelopment, for an amount not less than the compensation value for the lot. The compensation value is determined by the [Land Acquisition \(Just Terms Compensation\) Act 1991](#) and the [Strata Schemes Development Regulation 2016](#).

### **What can I do if I believe my property is not being sold for a fair market value?**

- If you feel the strata renewal process has not been correctly followed and your lot does not have a fair compensation value, contacting a strata title lawyer would be your best avenue of recourse.

### **Can Randwick City Council intervene in the strata renewal process?**

- Since the strata renewal process is instituted through the [Strata Schemes Development Act 2015](#), Randwick City Council cannot intervene in the process.

**Do all owners need to support the strata renewal plan?**

- No, not all owners must agree. The plan must receive support from the owners of at least 75% of the lots (other than utility lots such as car spaces and storage lots). For example, if there are 20 lots in the scheme (not counting utility lots), the owners of at least 15 of those lots must agree to the plan.

**Where can I find these laws?**

- The laws are found in Part 10 of the [Strata Schemes Development Act 2015](#) and are supported by operational and administrative provisions found in Part 6 of the [Strata Schemes Development Regulation 2016](#). It is important that both the Act and Regulations are read together for details of the required process.

**Where can I find additional information?**

- The NSW Office of the Registrar General provides information on the strata renewal process tailored towards property owners. Specifically, the office details the [six steps which must be followed](#) in the strata renewal process and has a [guide to the preparation of a strata renewal plan, an information sheet on the strata process and approved forms](#).

