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Combustible cladding will 'test the owners corporation model'

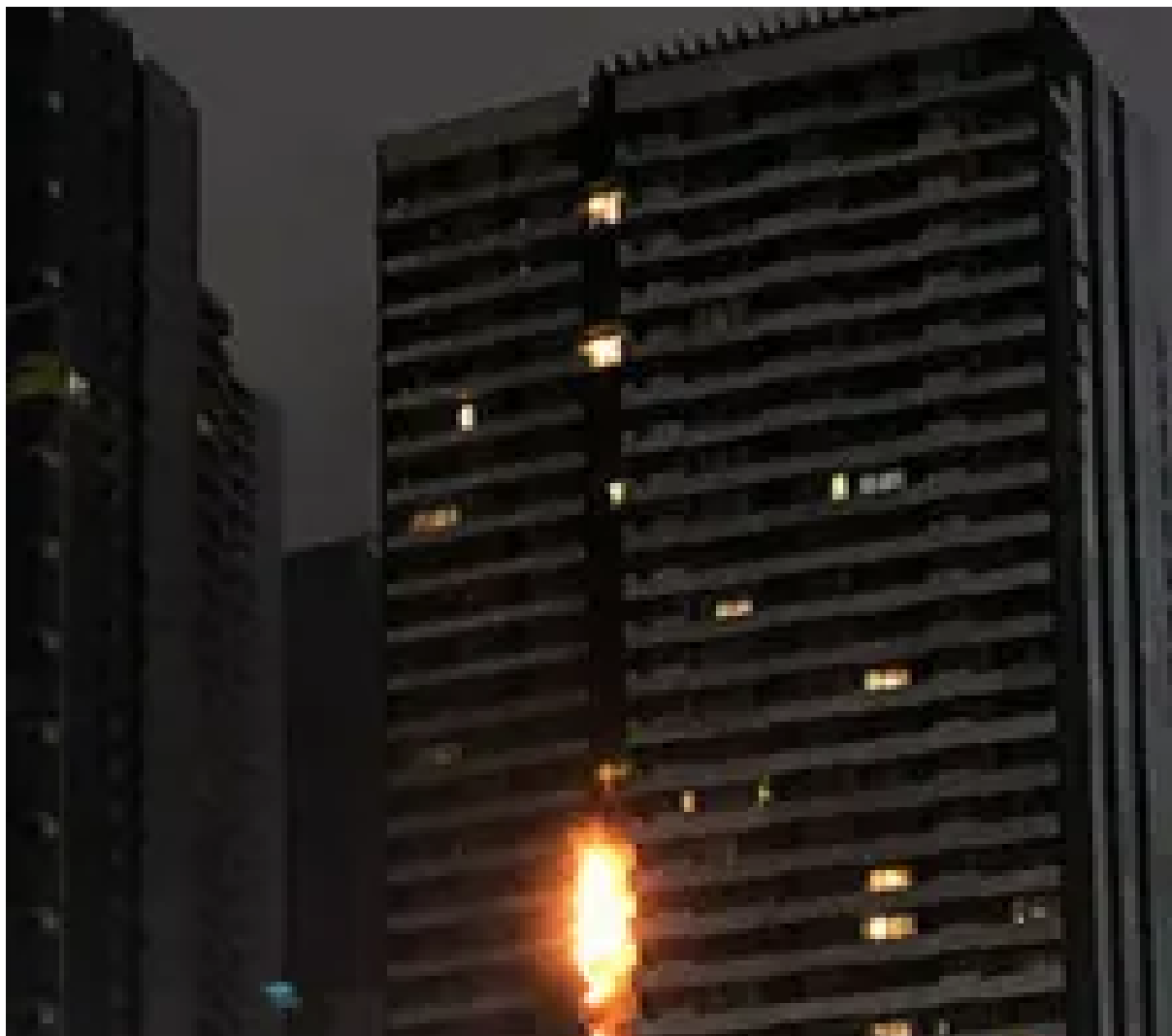
Michael Bleby *Senior Reporter*

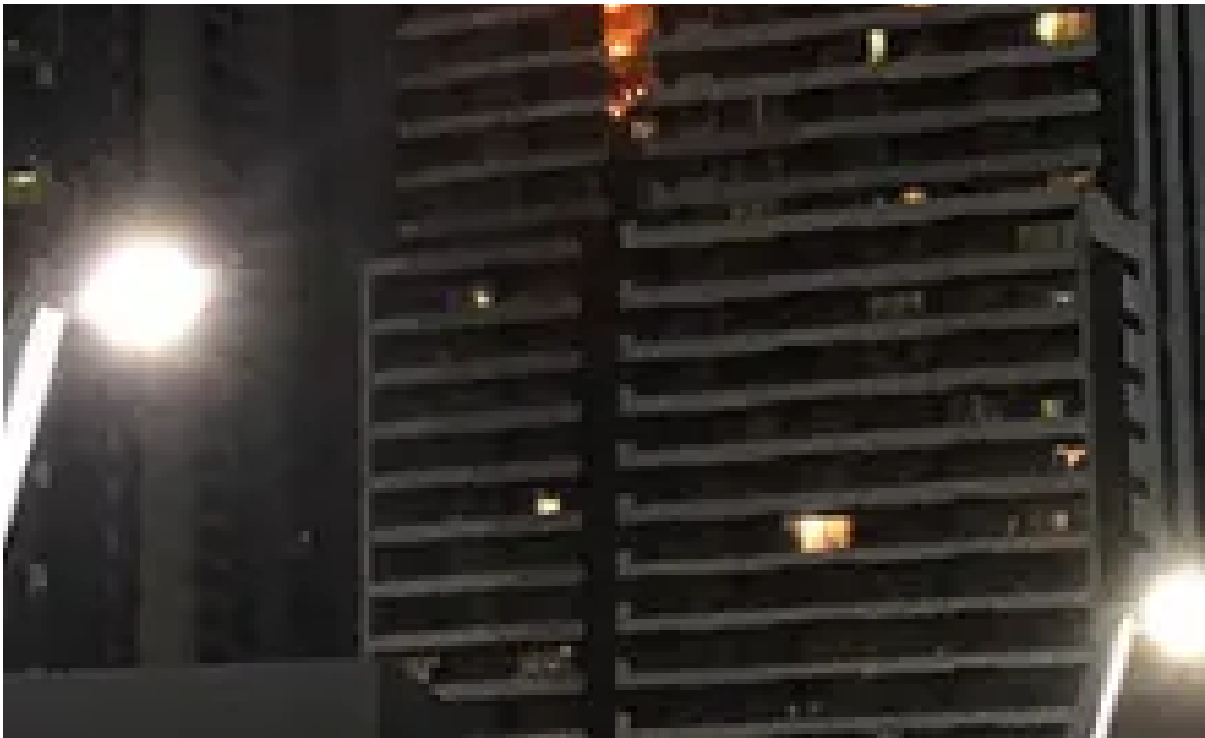


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Fixing combustible cladding will require technical skills and understanding beyond some owners corporations – especially in smaller buildings – and could prompt a rethink about the best way to manage housing stock, Victoria's cladding tsar Dan O'Brien says.





Neo200 in Melbourne caught fire in February this year. **3AW**

While the highest-profile cases of combustible cladding, such as Melbourne's Lacrosse and Neo200 buildings were high-rise, buildings over 10 storeys accounted for just 7 per cent of the 406 structures deemed "high risk" to date, Mr O'Brien told a property industry audience last week.

Half (53 per cent) of the total were between four and 10 storeys in height and two-fifths (40 per cent) were three storeys or below. The lack of sophistication of owners corporations, particularly on smaller buildings, would require Cladding Safety Victoria, the rectification agency Mr O'Brien heads, to boost the level of support it offered those owners' groups, he said.

"I've seen some outstanding owners corporations and I've seen some others," Mr O'Brien said.

"We're going to go on a bit of a journey and it will test whether the owners corporation model is the right model to manage buildings in some instances. We've got to work through that."

Many strata schemes, the organisations overseeing maintenance and basic rules in multi-unit apartment buildings, are small. While a [Macquarie Bank report](#) shows the average number of lots, or units, managed per strata plan more than doubled to 34 last year from 14 in 2015, owners corporations are often headed by amateurs and the combustible cladding crisis raises [technical and legal issues that owners are often ill-equipped to manage](#).

The crisis could strengthen calls for the creation of a build-to-rent asset class.

“The current environment does create challenges for owners corporations committees who are usually not building experts,” said Cressida Wall, the Property Council of Australia's Victorian executive director.



Cladding Safety Victoria head Dan O'Brien. **Supplied**

"It also highlights the benefits of apartments run by dedicated operators, such as in the build-to-rent asset class, where developers can build and maintain dwellings on an ongoing basis."

But owners will be resistant to any suggestion of change.

"It's been a perfectly fine model since 1961," said Karen Stiles, the executive officer of Owners Corporation Network, a NSW-based advocacy group that also has members in Queensland and Victoria.

Ms Stiles said the cladding crisis was a failure by state and federal governments and the responsibility for fixing buildings lay with them, rather than owners

corporations.

"They're set up to deal with the sort of things small schemes would have to deal with – repairs and maintenance, organising the lawn guy," she said. "They're not set up for something extreme like cladding rectification where government can't even tell them what's compliant."

Mr O'Brien said CSV hoped to be providing funding next month to the first 15 buildings. The rectification work itself would be complex and while CSV would appoint project managers to work with all owners corporations, it would increase the level of assistance it offered strata bodies depending on their level of skills, he said.

"We've designed the program around empowering the owners corporations," he said. "Where there is still a concern we will add and supplement that advice with other professionals."

CSV will only pay for cladding fixes and not for other defects. Owners corporations will be required to make co-payments to fix other defects as they rose, he said.

While rectification may mean cladding removal in some cases, it was likely in many cases to focus on making a building safe in ways that left the panels on but deemed it safe for people to live, sleep in and buy and sell through the use of measures reducing risks to inhabitants in the event of fire.

Each rectification plan would have to be approved by the state's Building Appeals Board to make it an acceptable solution that would also reassure insurers, Mr O'Brien said.

"When insurers are coming at these buildings and saying 'That still might have some cladding on, we want to hike the premium up', we want to be able to have the argument with the insurance industry that if it's gone through all the approvals process, then it's as safe as any other building'," he said.



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


Michael Bleby writes on real estate specialising in construction, infrastructure, architecture based in our Melbourne newsroom. *Connect with Michael on [Instagram](#) and [Twitter](#). Email Michael at mbleby@afrc.com.au*



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