

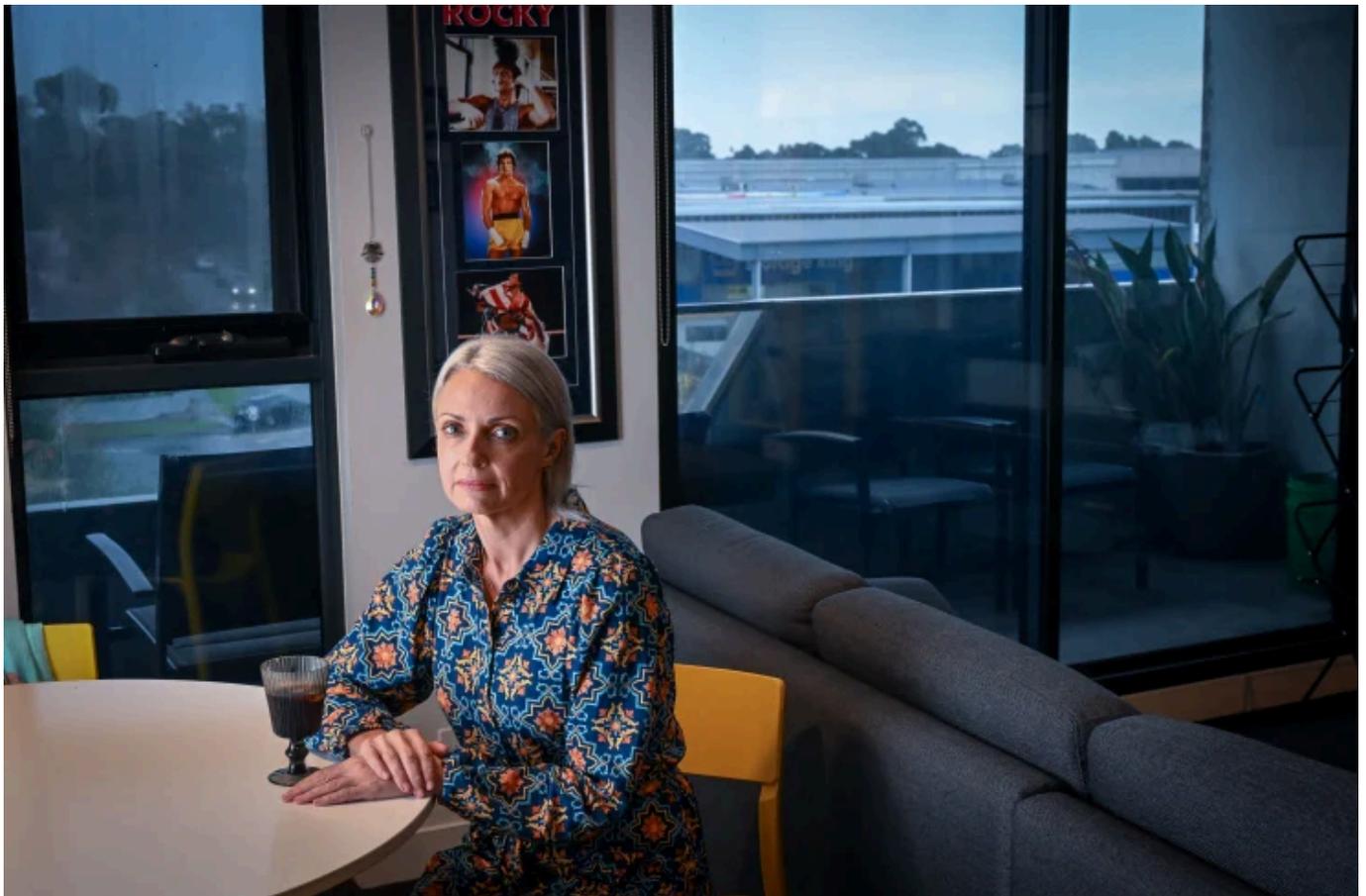
High hopes, low quality: special levies and repairs plague new apartment owners

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Up to 60 per cent of new apartments in Australia are riddled with construction flaws including cracked foundations, water leaks, balcony defects and flammable cladding.

Research by campaigners Australian Apartment Advocacy warned that shoddy workmanship in apartments had sparked a groundswell of special levies.



Condensation in Ally Nally's apartment was so bad "if I'd stand in socks next to my window, I could actually hear squelching". EDDIE JIM

There had also been an explosion in owners being stung with bills totalling tens of thousands of dollars to fix faults or for urgent maintenance works after purchasing apartments, leaving some on the brink of financial ruin.

"People are saving up to buy a one-bedroom apartment because that's all they can afford, and now they're copping this," the group's director, Samantha Reece, said.

Experts say in some cases owners cannot afford the special levies or urgent maintenance costs and are forced to sell for a fraction of their purchase price, while others bought their apartment unaware of an impending levy. Many defects are uncovered when people get combustible cladding removed.

New state government figures obtained by *The Sunday Age* also show about 90 buildings in Victoria deemed extreme or high-risk still have their dangerous combustible cladding, five years after the government promised to make the buildings safe via a \$600 million fix.

The government said 415 private residential apartment buildings were assessed as high risk due to combustible cladding, and all were receiving financial assistance from Cladding Safety Victoria. To date, 325 of these projects have been completed, equating to more than 16,000 homes having dangerous cladding removed and replaced.

But Builders Collective of Australia president Phil Dwyer warned that the \$600 million the government had set aside was not enough to tackle the cladding crisis.

Cladding Safety Victoria, which is overseeing the works, was set up after London's 2017 Grenfell Tower fire. There, 72 people died in a building covered in the same cladding material as a Docklands high-rise known as Lacrosse, which caught alight in 2014.

Dwyer said owners had "innocently" purchased homes in compliant buildings with a certificate of occupancy, only to discover their new place was riddled with construction flaws or the walls were covered with flammable cladding. Others were still waiting to have the cladding removed.

Owners in apartment buildings with combustible cladding rated moderate and low risk do not qualify for compensation through Cladding Safety Victoria, but many are still required to fix them.

"They have to borrow money and then banks don't want to know about it because they've already got a mortgage, and they can't sell the property," Dwyer said. "The government has failed, and the system has failed these people completely. It is really a very difficult situation, a shocking situation. It has created a minefield for consumers."

When Ally Nally bought a one-bedroom apartment in Melbourne's east, she thought she'd found her forever home. But soon after moving in the condensation in her apartment became so bad that it left damp patches on the windowsill and the carpet was drenched each morning.

"It was just madness," the Melbourne teacher said. "If I'd stand in socks next to my window, I could actually hear squelching."

Underneath the carpet, the ground was slowly rotting. Nally did not know it then, but this would only be the start of her troubles.

Nally's building's owners' corporation has told her and other apartment owners in the complex that they must fork out thousands of dollars each to fix about \$3 million worth of defects in the 187-unit complex in Mitcham, built by L.U. Simon Builders more than a decade ago.

Nally must pay at least \$11,000 by the end of July to fix flaws detected in common areas by a private building company which was brought in to inspect the complex. She counts herself luckier than many neighbours, some of whom must pay more than \$60,000 for defects in their apartments on top of common areas. One alleges their bathroom caved in due to a suspected unsealed shower. Another alleges leaks in the downstairs car park have ruined the roof of their car.

Body corporate documents seen by *The Sunday Age* allege other faults in the building have not been remediated, including in the basement, where 47 drip trays are failing to stop excess water leakage. “It is leaking like a sieve,” Nally said.

The owners are taking legal action against builder L.U. Simon at the Victorian Civil and Administrative Tribunal in July, over construction defects and quality issues.

The Sunday Age asked L.U. Simon about the apartment building. A spokeswoman for the construction company said the issues raised by residents were before VCAT, and for this reason the company would not discuss the building. “Until such time as the VCAT proceedings have concluded L.U. Simon Builders will not be in a position to make any comment.”

Australian Apartment Advocacy’s Samantha Reece and the Insurance Council of Australia have been pushing for new controls, such as forcing insurance companies to sign off on building quality. “If it’s not good enough, then they don’t get the insurance,” Reece said.

Reece also wants legislation governing consumer protection overhauled, and a single department established to address construction defects. “When you have seven different departments dealing with this they’re very good at shunting people from pillar to post,” she said. “People get so weary they just give up.”

The Victorian government said Cladding Safety Victoria provided direct funding for rectification works for buildings with the highest risk, and that the safety of residents was the “paramount consideration”.

“We’re delivering a suite of building reforms to ensure Victorians can build or renovate their home with confidence,” said a spokeswoman, who pointed out Victoria had removed more combustible cladding than any other Australian state.

The agency is also working with councils and owners of buildings with lower-risk cladding, providing \$40 million through a remediation program. In its most recent budget, the government set aside \$63 million for a building reform package to strengthen oversight of the construction industry.