

Sales

- 1 Present a services inventory listing all assets that will be controlled by the community association. Document the purchasers' forecast levy expenditure at the point of sale.
- 2 Clarify the purchasers' legal obligations to cover costs consistent with the community association's responsibilities at point of sale.
- 3 Explain the developer's obligation to purchasers at point of sale regarding the maintenance of common areas of the scheme and advise of an indicative timeframe when this maintenance will cease and all assets either transferred to either local government or the community association.
- 4 Where land is dedicated to the local government, inform residents of the extent and nature of the land and infrastructure to be dedicated.
- 5 Illustrate public access to the estate and common areas.

Conclusion

Community title is an expanding market niche and a marketing device to create a point of difference for the brand. It is typically used for second and third homebuyer markets due to the higher recurrent costs.

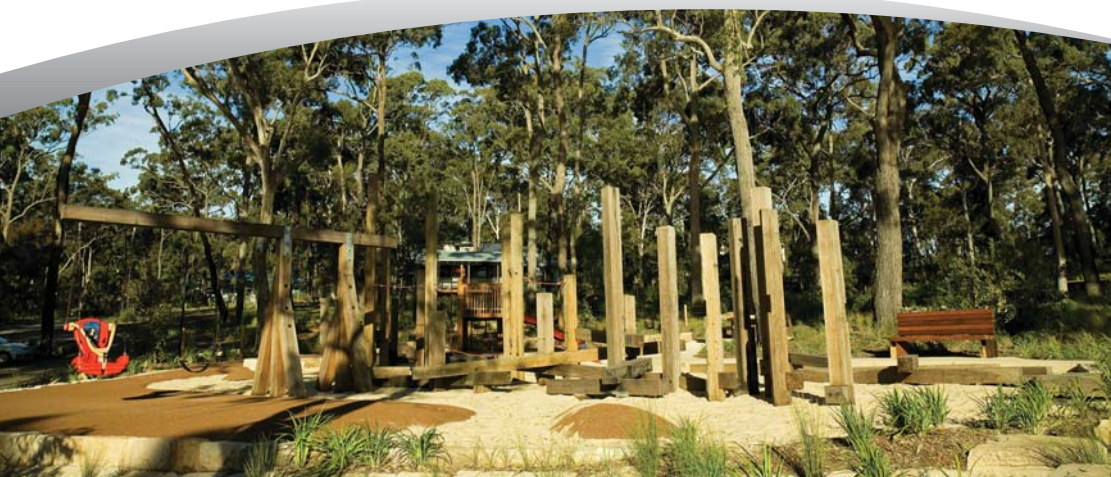
Accordingly, it is critical that the scheme accounts for the average income of projected residents with respect to their ability and their willingness to pay levies to maintain local shared assets. Consideration should also be given to the tolerance of the residents in sharing such infrastructure funded by the community association with the general public. Especially when considered within the context of perceived safety, asset maintenance and impact on insurance premiums.

Community title is a valuable tool in creating modern communities. Community title is about common ground for a shared future.

Legal disclaimer:

All statements contained in this brochure are made without responsibility. This brochure is for the general information of UDIA NSW members only, and is not a substitute for individual financial or legal advice. The statements contained in this brochure are of a general educative nature only and shall not be relied upon for any other uses whatsoever.

UDIA NSW 2008



Common Ground - UDIA NSW Community Title Principles

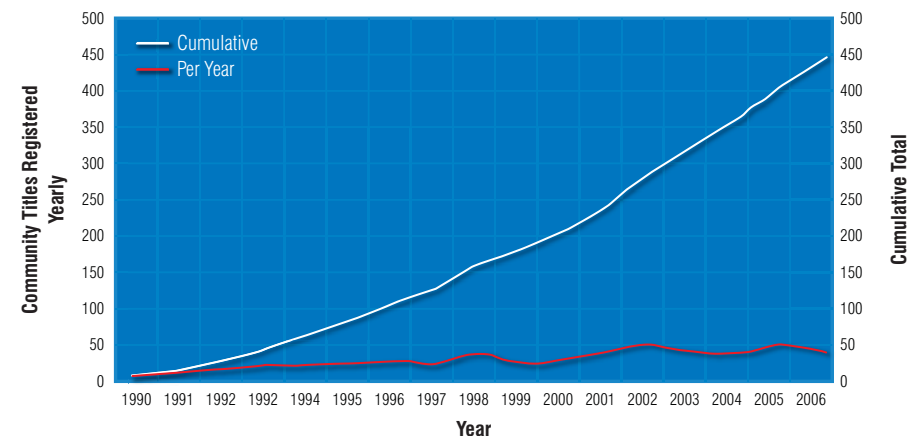


Community title is a form of land subdivision that enables shared property to be created within conventional Torrens title subdivisions. It is essentially a horizontal form of strata title. Community title is common ground.

NSW has witnessed significant growth in the use of community title since its introduction in this state in 1989. As of June 2007 there were 450 community title schemes registered in NSW accounting for approximately 144,000 residents. Figure 1 shows the number of plans registered between 1990 and 2006.

Figure 1

Community title plans registered in NSW by year and running cumulative total



UDIA NSW commissioned a study by the City Futures Research Centre at the University of NSW to examine the recent application of community title. Baseline data and detailed systematic information on the operation of the subject community title schemes was collected and supplemented with resident surveys and interviews with key personnel. Those experiences enabled UDIA NSW to derive a series of principles to guide developers and government on the ideal use of these schemes. Common Ground contains 15 principles to help you build a better community title estate.

Planning & Design

- 1** Community title is a market niche. It is used to establish and maintain a level of local amenity, character or services for residents at a higher level than that usually provided by council. Ensure the scheme meets resident expectations as well as their ability and willingness to pay.
- 2** Community title includes features such as landscaped parks, walkways and recreational facilities that are maintained by a community association funded by the owners.
- 3** Community title may facilitate improved design outcomes while inclusion of landscape elements such as waterways and bushfire protection zones in such schemes recognises the benefit of local ownership and maintenance, provided sufficient recurrent funding by the owners corporation is maintained (refer to management and maintenance).
- 4** Physically delineate publicly accessible land, private shared land and infrastructure.
- 5** Comply with council's design guidelines where possible. Transfer of lot one to public ownership is presently not permissible and would be contrary to the intent of creating a point of difference in the market. Nevertheless adherence to council's design guidelines may provide the community association with greater options in the long term.

Management & Maintenance

- 1** Prepare management plans at the development stage including financial projections for the adequate maintenance of infrastructure. Community associations have the potential to minimise levies by deferring regular maintenance which increases the risk of system failure and creates disproportionately higher repair costs.
- 2** Establish partnerships with specialist agencies and contractors to manage major infrastructure on behalf of the community association. Establish a budget and condition future residents to ensure sufficient funding for works.
- 3** Foster a strong working relationship with the council to understand the fundamental responsibilities of the local government and where the community association can most efficiently expend their resources to value-add.
- 4** Encourage the council to provide the same level of maintenance within the estate as they do elsewhere in the LGA or seek rate rebates if the local government service is reduced.
- 5** Address liability issues for publicly accessible areas within community title schemes. Inform the community associations and insurers of such liabilities including any maintenance agreements between the community associations and other bodies.

