

## New Titles Open Doors For Developers In South Australia

- Michael Budini, Phillips Fox, Adelaide.

A new era in property development in South Australia began on 1 January 1998 with the Government suspending the operations of the *Strata Titles Act* 1988.

The relatively new *Community Titles Act* 1996 is already sparking new investment in a diverse range of new and exciting projects.

### Mini-boom

This has led to a mini-boom in innovative commercial project applications in recent months, ranging from marinas to vineyard developments.

But the advantages of the new legislation are little known outside traditional property spheres and opportunities are being missed because many investors and developers are unaware of the *Acts'* benefits.

The new legislation brings South Australia into line with the eastern states and opens up opportunities that were not possible under traditional Strata Title or Torrens Title arrangements.

### Stamp Duty

The *Community Titles Act* enables land to be divided into lots and common property. Unlike stratas, divided land can be sold before the development is completed, providing significant cash-flow benefits for developers and minimising costs such as stamp duty. There are also savings on infrastructure services such as waste and sewerage connections.

An existing allotment may be divided into two or more community lots and common property by a primary plan of community division. Unlike common property under the Strata Titles legislation, the common property may be used for income-producing purposes, whether for the benefit of owners or non-owners.

The mixed-use concept is accommodated by the creation of secondary lots (further division of a primary lot) and tertiary lots (further division of a secondary lot).

Benefits include lot owners owning the entire lot and any structure erected on it. This overcomes common problems with stratas caused by misunderstandings about

where common property and unit holders' property starts and finishes. Furthermore, community lots have no height limits.

### Smaller Projects

The legislation has already led to a spate of smaller residential projects by local building companies, most of which could not have been achieved under the traditional Strata Title or Torrens Title systems.

For instance, one project shares a common access road, which under Torrens Title would have been classed as a public road and subject to a range of restrictions. Under Strata Title, a complex management agreement administered by a strata committee would have been required to govern maintenance of communal areas.

The increased simplicity of Community Titles has some major benefits for South Australia, and it is important that developers recognise this.

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