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Improving common property and lots

The body corporate or a lot owner in a <u>community titles scheme</u> (https://www.qld.gov.au/law/housing-and-neighbours/body-corporate/legislation-and-bccm/definitions/legislation) can make improvements to the common property, if they are approved.

Maintenance or improvement

It can be hard to tell whether work is an improvement or maintenance.

An <u>improvement (https://www.qld.gov.au/law/housing-and-neighbours/body-corporate/legislation-and-bccm/definitions/legislation)</u> can include:

- putting up a new building
- a structural change

or

• a non-structural change, like installing air conditioning.

See the <u>definition of improvement in schedule 6</u>

(https://www.legislation.qld.gov.au/view/html/inforce/current/act-1997-028#sch.6) of the Body Corporate and Community Management Act 1997 (the BCCM Act).

A change can include adding, removing or swapping something. See section 36 of the <u>Acts Interpretation Act 1954 (https://www.legislation.qld.gov.au/view/html/inforce/2017-07-03/act-1954-003)</u>.

The BCCM Act does not define maintenance.

Adjudicator's orders have used a 'like for like' rule when deciding whether the work is maintenance or an improvement.

For example, if you replace a wooden fence with a similar wooden fence it is maintenance. If you replace a wooden fence with a colorbond fence it is an improvement because there is a change to the existing fence.

However, if you can't get the same product or material, a change is not automatically an improvement. For example, the body corporate is repairing some foyer tiles. It can't get the same tiles, so uses a similar, modern tile. This can still be considered maintenance.

Most day-to-day work is maintenance.

Improvements by a body corporate

This information is for schemes under the:

- Standard Module
- Accommodation Module

and

• Small Schemes Module.

For information on improvements for schemes under other modules see <u>Commercial Module or Specified Two-Lot Scheme Module (#twolot)</u>.

Contact the <u>Titles Registry Office (http://www.dnrm.qld.gov.au/our-department/contact-us/titles-registry-contacts)</u> to see what regulation module applies to your scheme.

A body corporate can make an improvement to common property for the benefit of the body corporate, if it is approved. The type of approval the body corporate needs depends on the cost of the improvement.

The 3 improvement limits are shown in this table. They are:

- basic improvements limit
- ordinary resolution improvement range
- other.

Improvement limit	Cost of improvements*	Authorised by
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Improvement limit	Cost of improvements*	Authorised by
Basic improvements limit	\$300 x the number of lots in the scheme, subject to the committee's spending limit	Committee resolution (https://www.qld.gov.au/law/housing-and- neighbours/body-corporate/committees- meetings/committee-meetings/voting) at a committee meeting. The committee cannot spend over its spending limit of \$200 x the number of lots unless that limit has been increased by an ordinary resolution of the body corporate. If the committee's spending limit has not been increased, the committee could not approve more than \$200 x the number of lots. The committee cannot approve an improvement over \$300 x the number of lots even if the committee's usual spending limit is set at a higher level. See committee spending. (https://www.qld.gov.au/law/housing-and-
		neighbours/body-corporate/finance- insurance/spending-limits/committee)
Ordinary resolution improvement range	More than the basic improvement limit but not more than \$2,000 x the number of lots in the scheme	Ordinary resolution (https://www.qld.gov.au/law/housing-and- neighbours/body-corporate/committees- meetings/general-meetings/resolutions) of the body corporate at a general meeting. There can be only 1 such approval a year.
Other	More than \$2,000 x the number of lots	Special resolution (https://www.qld.gov.au/law/housing-and-neighbours/body-corporate/committees-meetings/general-meetings/resolutions) of the body corporate at general meeting

*If a number of improvements make up 1 project, the approval needed will be based on the total cost of the project.

The body corporate (or committee) will need to consider whether the proposed work is maintenance or an improvement, when it considers what approval is needed.

An owner who disagrees can apply for <u>dispute resolution (https://www.qld.gov.au/law/housing-and-neighbours/body-corporate/disputes)</u>.

Specified Two-lot Schemes Module

For schemes registered under the Specified Two-lot Scheme Module, the body corporate can make improvements to the common property if authorised by a lot owner agreement.

Commercial Module

For schemes registered under the Commercial Module, the body corporate can make improvements to common property if they are approved by <u>ordinary resolution</u> (https://www.qld.gov.au/law/housing-and-neighbours/body-corporate/committees-meetings/general-meetings/resolutions) at a general meeting or by an adjudicator.

The committee cannot approve improvements to the common property.

Improvements by a lot owner

An owner can make an improvement to common property if approved by the committee or the body corporate at a general meeting.

The committee can approve an improvement by an owner if the:

- total cost is less than \$3,000
- improvement does not detract from the appearance of a lot
- body corporate is satisfied that the use and enjoyment of the improvement is not likely to be a breach of the owner's duties as an occupier (e.g. by causing a nuisance to others in the scheme).

If the committee cannot approve the work it must be authorised by ordinary resolution at a general meeting.

The owner must:

comply with any conditions of approval

and

maintain the improvement.

When an improvement is made to the common property by a lot owner they must give the body corporate details of the type of work and value of the improvement.

If the improvement increases the body corporate's insurance premium, the owner may have to pay the extra.

See <u>body corporate insurance (https://www.qld.gov.au/law/housing-and-neighbours/body-corporate/finance-insurance/insurance)</u> for more information.

Specified Two-lot Schemes Module

For schemes registered under the Specified Two-lot Schemes Module the body corporate can allow an owner to make improvements to the common property. This would need a <u>lot owner agreement (https://www.qld.gov.au/law/housing-and-neighbours/body-corporate/legislation-and-bccm/definitions/regulation)</u>. There are no limits on the cost of the improvement.

Commercial Module

There is no limit on the value of the improvement under the Commercial Module. This means the committee can approve all improvements to common property made by an owner of a lot regardless of the cost.

Alterations to a lot

The BCCM Act does not restrict the changes or improvements an owner can make to their own lot.

If an owner wants to change their lot they should consider whether the change will affect common property.

See <u>body corporate maintenance (https://www.qld.gov.au/law/housing-and-neighbours/body-corporate/maintenance/responsibilities)</u> for more information on lot boundaries.

The lot owner should also see whether there are any by-laws that affect what change or improvements they can make.

See:

- <u>making by-laws (https://www.qld.gov.au/law/housing-and-neighbours/body-corporate/by-laws/making-by-laws)</u>
- enforcing by-laws (https://www.qld.gov.au/law/housing-and-neighbours/bodycorporate/by-laws/enforcing-by-laws).

For example putting hard floors (like timber or tiles) in a lot is the subject of many body corporate disputes. Because of this, some bodies corporate have by-laws which say owners need approval for changes to flooring.

Even if an improvement or change to a lot does not need approval under a by-law, an owner should consider how the change would affect others in the scheme, including neighbours.

For example, if hard floors make extra noise for a lot below, this may be a breach of a by-law about noise or may create a nuisance which is against <u>section 167 of the Act</u> (https://www.legislation.qld.gov.au/view/html/inforce/2017-07-03/act-1997-028#sec.167).

For more on by-laws about hard flooring and tiling, see the appeal decision of the Queensland Civil and Administrative Tribunal: Princess Palm (PDF)

(http://archive.sclqld.org.au/qjudgment/2010/QCATA10-055.pdf).

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