



# Impact of the New Strata Laws on the Facilities Management Industry

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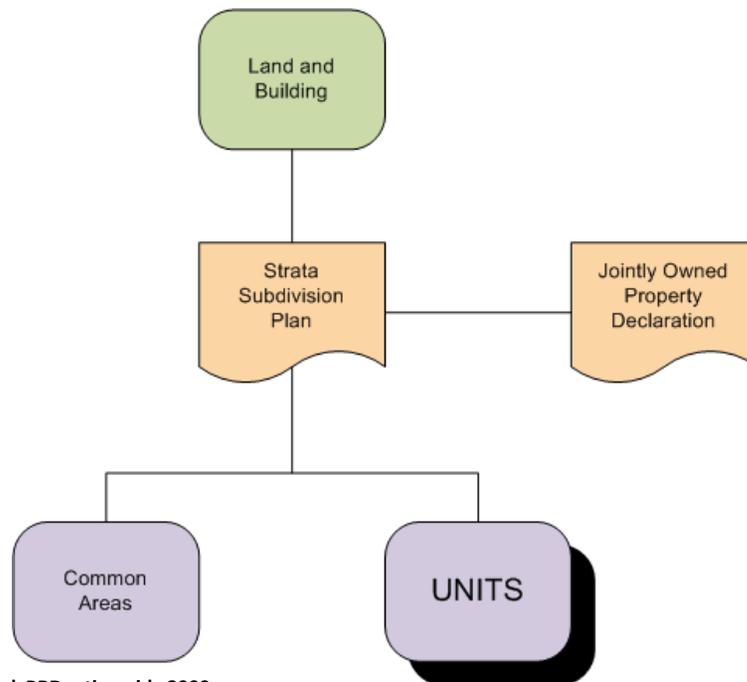
30 March 2009

# Mechanisms Introduced by the Strata Law

- 1. Strata titles**
- 2. Community titles**
- 3. Volumetric titles**

# Strata Titles

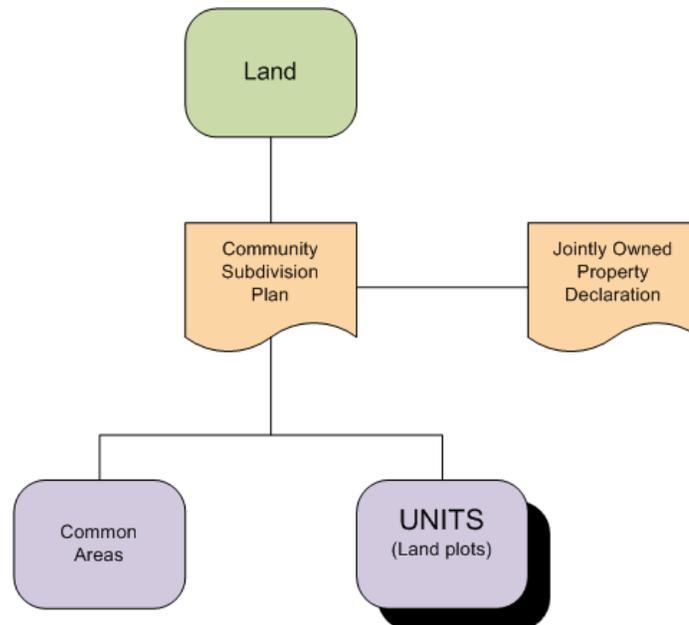
- Subdivides a building into Units and Common Areas
- Owners Association to manage the Common Areas



**The Jointly Owned Property Declaration tailors the arrangements to the particular project.**

# Community Titles

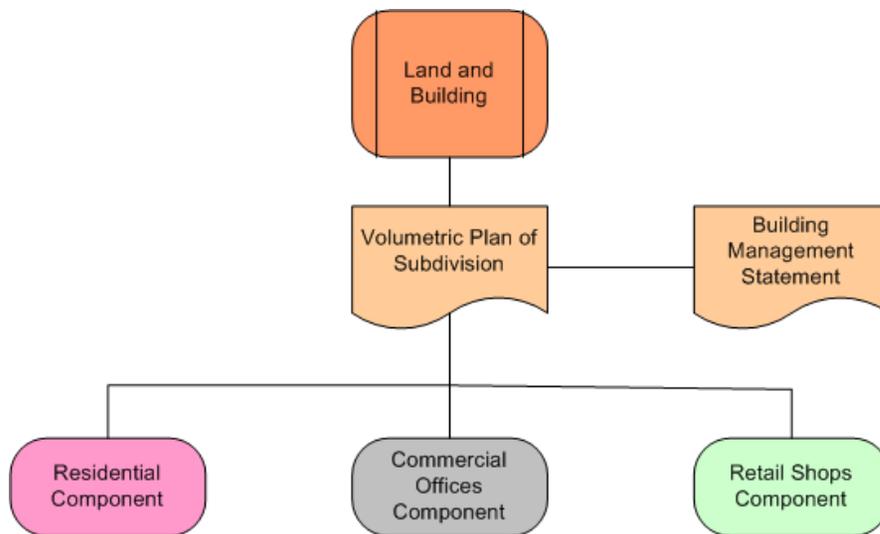
- Subdivides land into “Units” and Common Areas
- Intended for villas, townhouses and other homes
- Owners Association to manage the Common Areas



**Jointly Owned Property Declaration serves the same function**

# Volumetric Titles

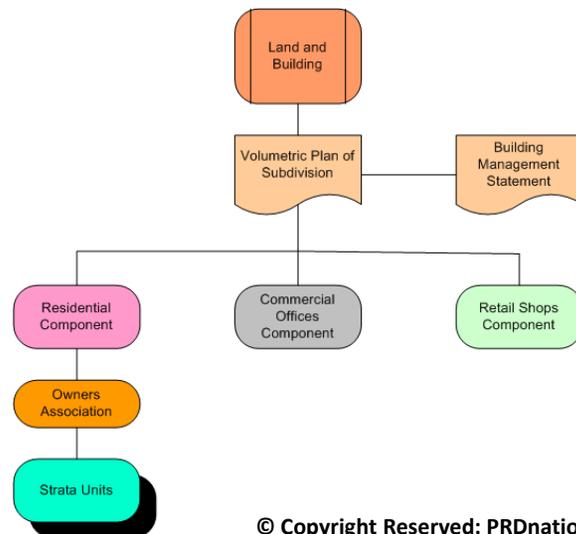
- **Subdivide land and building into volumetric plots**
- **Used to separate uses in a mixed use building**
- **No Owners Association**
- **No Common Areas – only “Common Elements”**



**Building Management Statement is a contract to regulate administration and maintenance of the “Common Elements”.**

# Volumetric Titles (continued)

- Volumetric plot can be strata subdivided
- Commonly used for residential components
- Creates an Owners Association and Common Areas “within” the volumetric plot

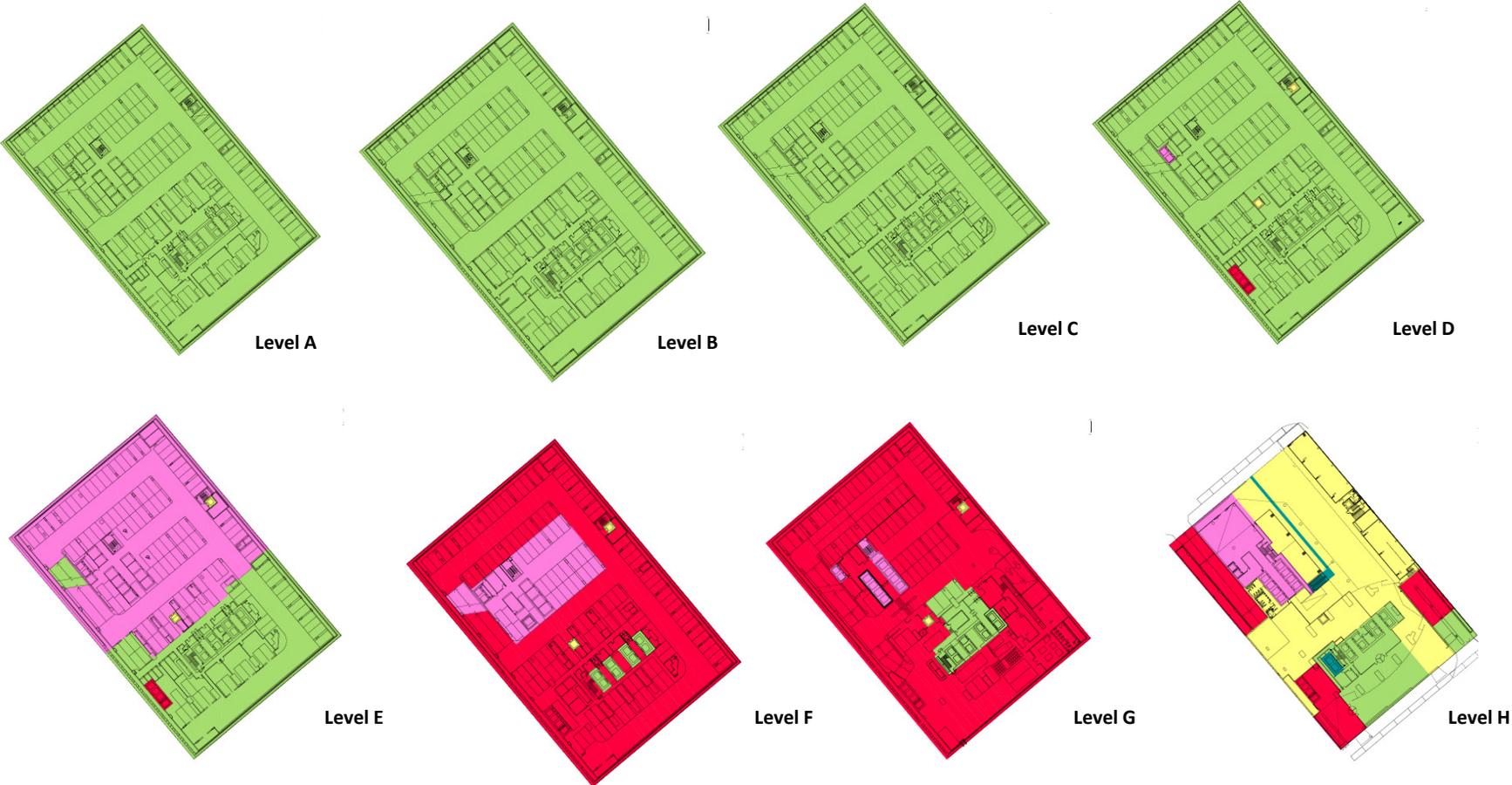


The Owners Association becomes a party to the Building Management Statement.

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# Principles of a Volumetric Subdivision

- Residential
- Commercial 1
- Retail
- Tourist
- Commercial 2





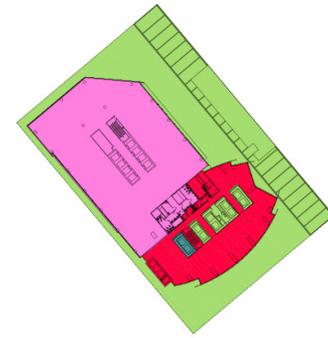
Level I



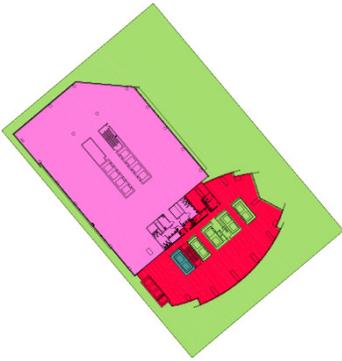
Level J



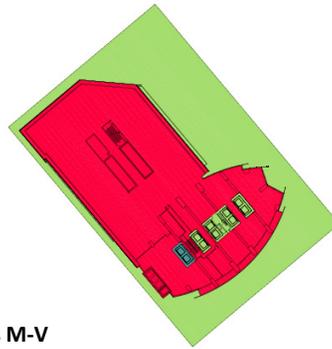
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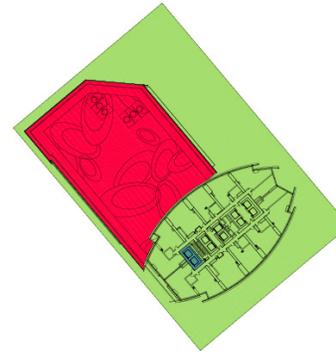
Level L



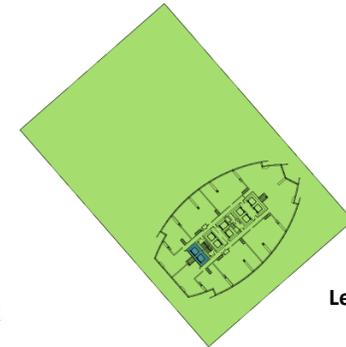
Levels M-V



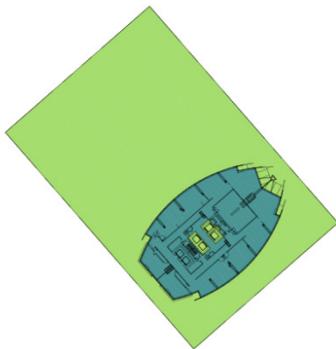
Level W



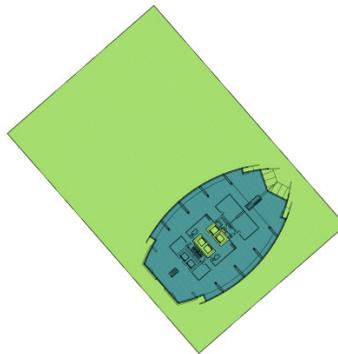
Level X



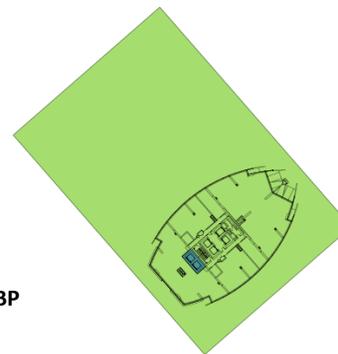
Levels Y-Z, AA-AZ  
and BA-BN



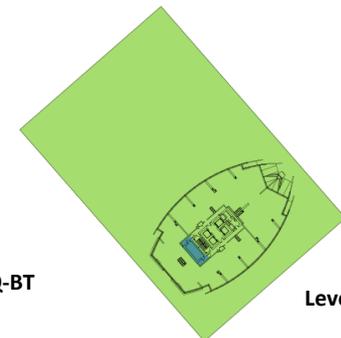
Level BO



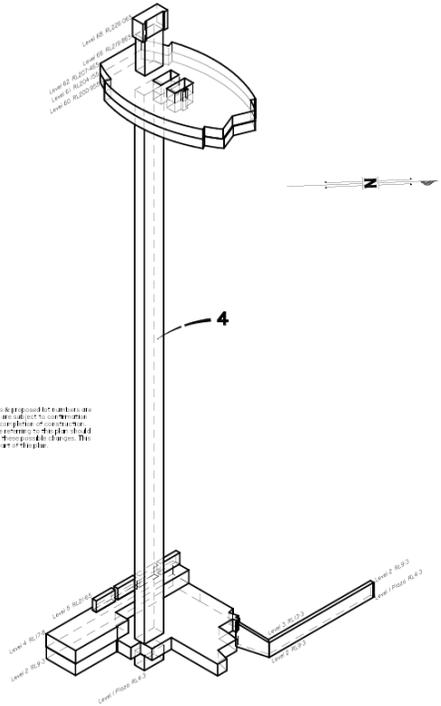
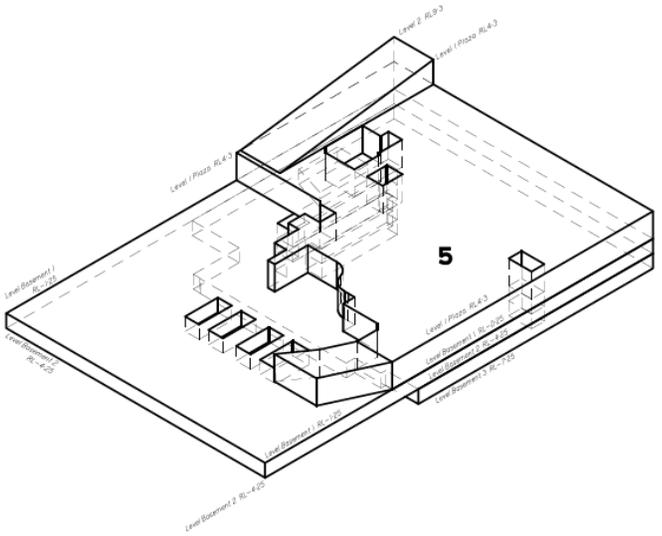
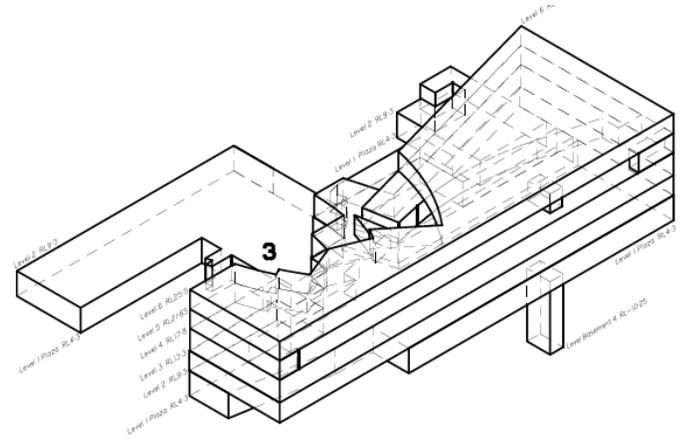
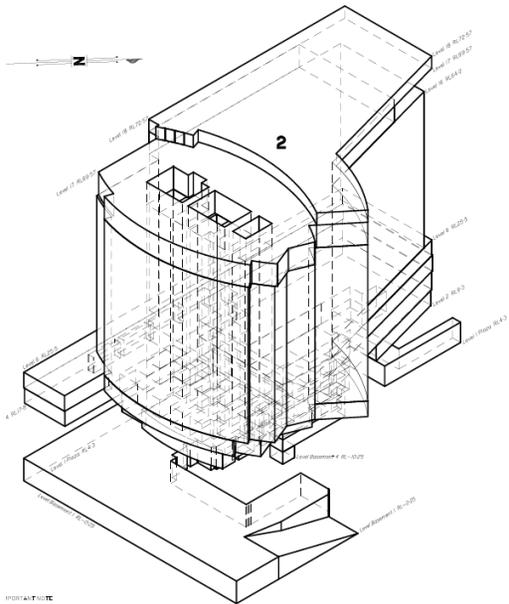
Level BP



Levels BQ-BT



Levels BU-BV



**IMPORTANT NOTE**  
 All dimensions are as proposed for construction and are subject to change without notice. It is the responsibility of the contractor to verify all dimensions and levels on site during construction. The architect is not responsible for any errors or omissions.

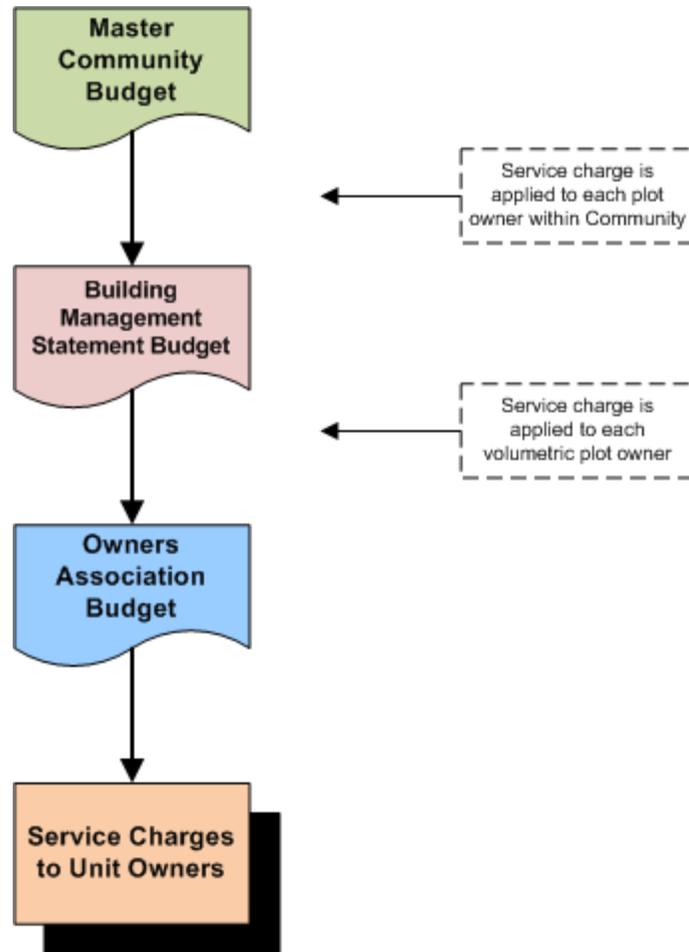
# Owners Associations

- **Not for profit corporation**
- **Responsible for Common Areas**
- **Governed by an elected Board (3 to 7 members)**
- **Managed by a General Manager (CEO)**
- **Outsources goods and services**
- **Annual meeting approves budget and service charge**

# Provisions of the Law that will impact facilities management

- **The range and nature of structuring mechanisms + the way they are used**
- **General Manager licensing requirements**
- **Restrictions on the length of contracts**
- **Restrictions on the content of contracts**
- **Owner Association budgeting requirements**
- **Service charge restrictions at Master Developer level**

# Service Charge Budget Chain



**Strata Law does not regulate Master Community level Budgeting.**

# Facility Managers as General Managers

- Roles and skill-sets are different
- Clear potential for conflict
- Different maximum terms mean separate contracts
- Termination risk
- Conclusions –
  - Possible but not likely
  - Needs to be carefully structured
  - General Managers in same position
  - Relationships may be a better way to go

# Threats and Opportunities

- **Market will become very cost sensitive**
- **Service levels will come under pressure**
- **Profitability risk**
- **There will be a move away from Developer FM operations**
- **Size of the market will therefore increase**
- **Reserve fund studies will be in demand**

# Conclusions

- **We are heading into a much more structured environment**
- **There are likely to be significant shifts in the market**
- **There are opportunities there for the FM industry**
- **The General Manager role is probably not one of them**
- **The outlook under the Strata Law is generally very positive**



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