

9th September 2019

The Hon Kevin Anderson MP
Minister of Better Regulation and Innovation
Via email - office@anderson.minister.nsw.gov.au

Document tendered by <i>Hon Courtney Howssos MLC</i>
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Dear Minister Anderson,

Re: Request for Government assistance to end Mascot Towers cashflow stalemate

We write on behalf of the Owners Corporation of the Mascot Towers residential building situated at 1-5 Bourke St, Mascot (Strata Plan No 80877).

Thank you for taking the time to meet with representatives of the owners corporation on 4 September 2019. As outlined to you at that meeting, the owners of Mascot Towers are in a very difficult situation and securing the funding that is necessary to commence remedial work on the Mascot Towers building is proving to be an impossible task.

The Strata Committee conducted a survey which revealed that 35% of the respondents will be unable to pay the levy that was recently struck for \$7.7Mil. The following methods are either not available to these owners or where they have attempted to secure the finance using these methods, they have been unsuccessful in doing so.

- personal loan
- loan from friends
- refinance using another property
- using savings
- refinance using current Mascot Towers property

Furthermore, applications to extend mortgages on Mascot Towers have been declined (some in as little as four hours). Owners have also reported that meetings they have attempted to schedule with their banks have been cancelled via a phone call once the bank realises that they are an owner in the Mascot Towers building. This has caused a financial stalemate due to the cashflow with contracts to sign this week.

The engineering professionals associated with Mascot Towers have worked extremely hard in the last three months to get to a point where remediation work can commence on the building. We are now at that point and it is imperative that the contract to start remedial work on the building is signed. Our engineers' advice is that, the building in its current condition is less capable of sustaining further overloading due to thermal load cycles that are likely to be imposed onto the building structure during the coming summer.

Should these thermal load cycles be applied to the structure in its current state, further structural degradation may result, and the rectification cost to the building as a whole, would become commercially unviable. In addition to the stage 1 works, it is recommended that stage 4 works also begin and the engineering report on stage 4 works is due this week. Stage 4 works affect the foundations of Mascot Towers. This adds more pressure on the existing cashflow.

The current proposal is for stage 1 to begin on 30 September 2019. To prevent delays, it is crucial that the contract for rectification works is signed this week. Everything is now in place for rectification works to begin apart from the funding. Time is of the essence. The Strata Committee is aware that many owners in the building will be unable to pay their levies which means they cannot currently sign the contract to begin rectification works. We request that the Government provides financial assistance so rectification works can commence, and the building does not deteriorate to a point where it is commercially unviable to fix.

In the event of successful insurance and/or legal claims these funds would obviously be returned to the Government. While we appreciate this is a complex matter, we are not in a position where we can delay any further. We implore you to meet with the Strata Committee this week to discuss our request and to find a solution where the Government can assist the Owners Corporation with its current cashflow problem. Please find below some comments from Mascot Towers owners regarding this devastating situation and the stress the levies are causing.

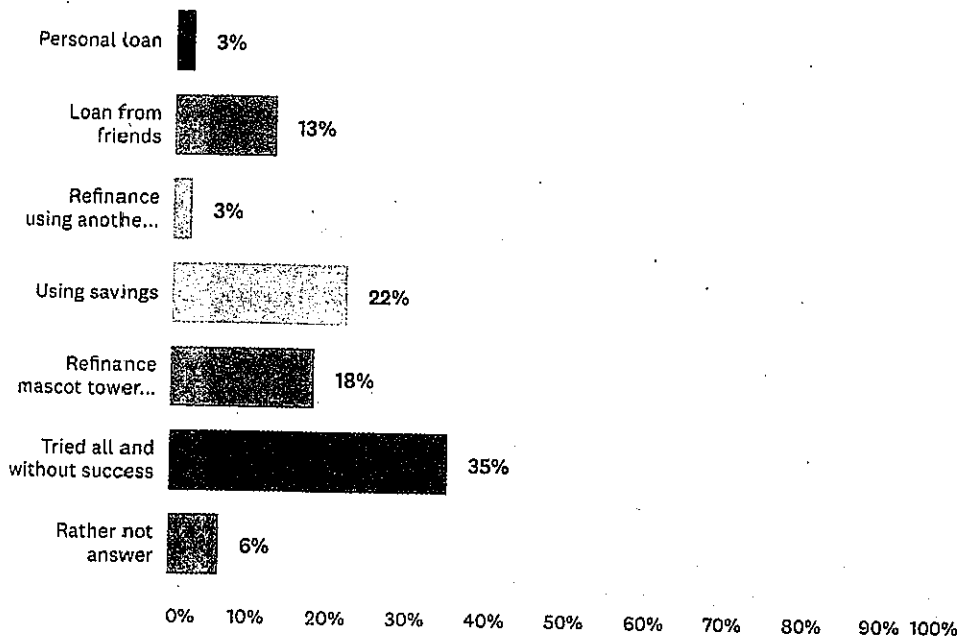
Yours Sincerely,
Strata Committee - Mascot Towers

CC: Office of Fair Trading – Peter Dunphy
The Hon Kevin Anderson MP
The Hon. Gladys Berejiklian MP
Yasmin Catley MP
David Chandler, OAM
Mr Ron Hoenig MP

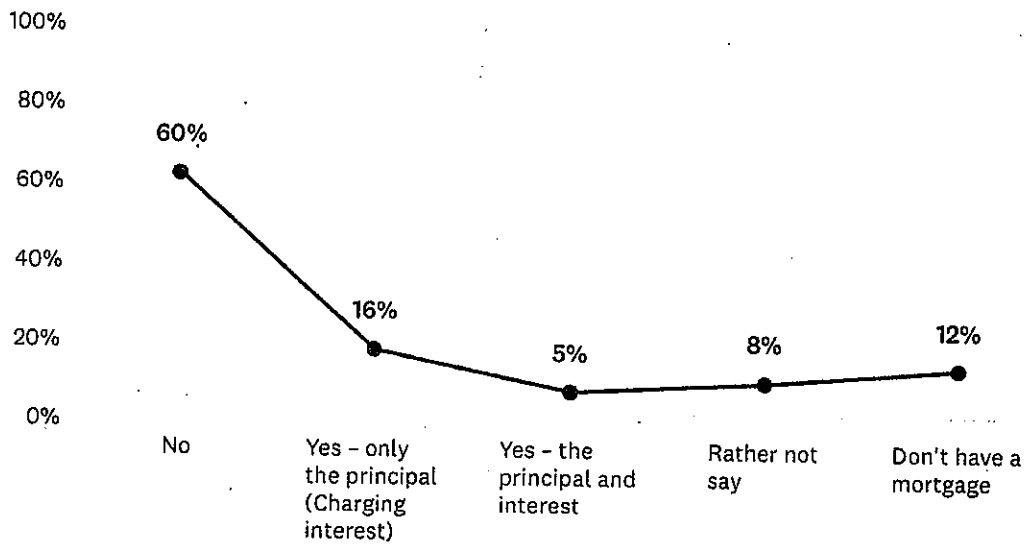
survey of residents

Mascot Towers owner's comments regarding payment of the levies

1. The banks are refusing to help residents of mascot towers and even when I applied to change my mortgage to interest only I got declined. There is no where we can get support for funding the special levy especially when we still have three other stages to come.
2. I have asked my company for using some of my leave to find a second job to pay these funds. We hate to see the government not provide assistance which we can pay over a period of time. This has impacted my credit rating my health and my family. My child is struggling to cope with this. The government has turned their backs despite me paying all the taxes to keep them running. Where is justice for people who are doing the right thing?
3. I will be turning 67 years old early next year, I am still working part time for a very modest wage for the same company for 34 years. My husband passed away 15 years ago. Mascot towers is my only asset. I have never in my entire life relied on government support. The stage 1 special levies alone will erode 50% of my savings, I will not be able to ever retire now. At this stage I really do not know what I will do as no one will loan me any money. My future is looking bleak and I am in the process of desperately looking for advice.
4. Please help us. We work hard bought dream home. We stuck now and have 3 years old child. We pay Tax we done nothing wrong, but now have no home and cannot afford the special levy....we really need justice. Please help us. Except Government no one can help us.
5. This cost would clean out our savings as well as sit us back years on our financial plans. I have had 2 spinal surgeries in the last ten years and it makes it difficult to continue working but I would have to keep working for many years to come
6. Followed all the rules guided by professionals. Still ended up losing lifetime savings and may face bankruptcy in the near future. Why system is not protecting/helping innocent/doing right things people?
7. My name is xxxxx and I'm the owner of apartment XX in Mascot Towers .I am 57 years old and I have half a million mortgage which I cannot pay off in my lifetime .Even before crisis in our building I was really on the budget to manage all my expenses I cannot possibly manage to take and pay another loan I am an Uber driver and my wife she's a hairdresser she's got problem with her joints which makes her job very hard and she can only work limited hours we simply cannot make that kind of money please without your help we are facing losing everything we ever worked for. Bank have stopped our mortgage repayments only till the 1st of November and we don't know what we can do after that. What happened to us is the biggest tragedy of our life. The stress we have for last 3 months we don't know how much longer we can take. It has impacted on our personal life in the way that is hard to imagine on our children and our grandchildren. Without a government help our Dream home will change to a nightmare please we need your help we cannot do without it.
8. We hope the government will step in asap because even some owner voted yes to fund but many of them cannot find the money to pay. The whole project will stop in the middle of the job. Many of the families are crying where to find the fund for a total 4 stages, even just stage 1 is unaffordable for many of us. Except for the government, we have no one we could ask for help.
9. The special levy and strata payments has put a huge burden on my family and myself. I am struggling to pay bills and find the additional money to support this unfortunate event and concerned that should things continue down this path that I may not be able to support my future financial situation.
10. I don't know how to source 60K in the next 6 months and I am currently under a lot of stress
11. Please help owners, caught up in a debacle, not of their own doing.
12. We have two young children, and as I am still on maternity leave that leaves us with one income. So far we have to eat into our own saving for daily expenses such as childcare for my first child. With this bills coming up, we will have no saving anymore before I go back to work. Banks have refused to refinance or lend us more because of the condition of Mascot Tower.
13. I am a retiree, I intend to sell this apt when i become disabled and use the money for going into a nursing home. Instead I paid \$8.5K for Aug 2019 special levy and now have to pay about \$60K from Oct to March 2019 for Stage 1 repairs. Stage 2, 3, & 4 repair cost is still unknown, let alone lawyers fees, bldg management fees, etc. How can anyone possibly afford to pay all this? Mentally, all owners are not handling it well, certainly not me. Through no fault of our own despite us doing the right thing, now 141 owners do not know how to go on. We need urgent financial assistance from the govt, we simply do not have the resources to pay for this debacle ourselves. Please please help us get through this. We are in such a deep hole, we can't see how we can get out.
14. Our life has been turned upside down, we are further in debt in a market that already have ridiculously high housing prices, we have no home, no sense of comfort, security and we are expecting a child in this period without a home, and at the same time going further in debt to pay to fix this building. This building is over 10 years old, ironically old enough to prove robust quality, and thus this is uniquely different from the Opal Towers situation. This event has also damaged the confidence of apartment buyers and the confidence in the local and state government to ensure quality in homes and protection for the consumer. The government is responsible for ensuring that people who contribute to their community, work and pay taxes then finally save enough to purchase a home can look forward to a hopeful future. We implore the government to provide



2. Has your bank deferred your mortgage repayments?



financial assistance for home owners and an investigation team or funding to peer review the investigation process.

15. I have a two months old baby and two girls (3 and 6 years old). My wife is unable to return workforce anytime soon because she has to take care of the infant and two girls. I'm the only income earner and we are a low income family. My salary is only enough to pay back mortgage and daily expense. We cannot afford to pay the special levy to fix our building. We bought our unit in Mascot Tower because we trust the Government and the building policy, that the Mascot Tower is a safe and up to standard property. However, even we paid stamp duty, strata levy, sinking fund and building insurance along the way, no party are responsible for the major building defects which force us evacuate our home. I feel disappointed and frustrated that we are doing all the right things and get punished. The builder and the certifier who should be responsible for all the problems, can walk away. Please help us, my young family to go through this tough situation. We work hard and pay tax on time. Government is the only one who can help and support us.
16. I'd be using most of my Savings to fund the stage 1 special levy. Post this, I don't have any immediate funds and will likely get a personal loan to fund further stages. In the meantime, the banks are still collecting interests whilst the unit is empty. I would really like to see if the government can assist by providing an interest-free loan for affected owners, to fund the special levies given this unfortunate incident affecting our livelihood. An interest-free loan would provide me personally a room to breathe and a big relieve for my family.
17. I still do not know how I'm going to pay the special levies. I do not have the funds available after the first 2 monthly payments. I approached [bank] whom my mortgage is with but they are unwilling to help me financially (due to the fact I own at Mascot Towers). To take a personal loan would incur large interest rates which I don't know how I would manage. I am on a single wage and the future is very bleak for me financially. I have gone from being financially comfortable to a financial liability of no fault of my own.
18. Please help us repair our building. I have been a hard working tax payer for many years and I have not done anything wrong. It is not fair that I am in financial ruin because I bought an apartment in NSW. Anything you can do for us will be much appreciated! Thank You.
19. In saying using our savings which is not much. We are both retired and do not have much money. My husband has cancer so is unable to go back to work. We can not get a loan we could not pay it back. Our home was our retirement now this is in jeopardy which is so unfair. This is not our fault we have been let down in so many areas and are expected to shoulder all the cost. I am so concerned for my fellow residents about the cost of course but all our state of minds. We are under so much stress we are not coping we need help.
20. My bank is still deliberating on the finance. If I don't have this option I will end up declaring bankruptcy. I can't see a way out and the despair is becoming overwhelming. We have paid our stamp duty and all our taxes to a government that is meant to keep its people safe. This same government that has let these lacks building regulations pass that has put its people in a dire situation. A situation that the government can help us out of. The government can help save its people's homes.
21. More should be done to support those, who through no fault of their own, find themselves in extreme financial hardship because of a lack of oversight and governance of the building industry by the government.

Survey Results

1. How do you plan to fund the special levy and regular strata payments?