

Submission
No 72

**INQUIRY INTO REGULATION OF BUILDING
STANDARDS, BUILDING QUALITY AND BUILDING
DISPUTES**

Organisation: Friends of Erskineville

Date Received: 28 July 2019

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Mr David Shoebridge MLC

Chair

Inquiry into the regulation of building standards, building quality and building disputes

Public Accountability Committee

Legislative Council

Parliament of New South Wales

Macquarie Street

SYDNEY NSW 2000

Dear Mr Shoebridge,

Submission – Inquiry into the regulation of building standards, building quality and building disputes

Thank you for the opportunity to provide this submission.

The Friends of Erskineville has been following Development Applications in our area since our organisation formed in 2007. Over this period we have seen the gradual development of Ashmore Estate, consisting of 3000 dwellings, along with a significant number of other apartment buildings in our area.

It is no secret that many of these buildings are riddled with defects. UNSW research shows that 85% of apartment buildings built in Sydney since 2000 have significant defects and the cost of rectification averages an additional 27% onto the building cost.

<https://www.abc.net.au/news/2015-06-20/nsw-engineers-issue-fire-warning-for-apartments/6561092>

<https://www.smh.com.au/national/nsw/sydney-s-dodgy-buildings-due-to-17-years-of-inaction-20181227-p50odo.html>

This is largely due to NSW having Australia's worst building certification system. As an inner-urban area with a large area of formerly industrial land being developed into apartment buildings, Erskineville is bearing the brunt of this problem.

A number of buildings in the Erskineville area have become prominent in the media due to defects. Most notably there has been the Honeycomb and Sugarcube development which has resulted in a 'ghost town'-like street for over a year. Residents have been locked out since the buildings completion over a year ago, due to the toxic land underneath not having been remediated properly. This land, part of Ashmore Estate, was formerly used as a foundry by the Metters stove company. The developer is based in the British Virgin

Islands, a known tax haven.

<https://www.propertyobserver.com.au/forward-planning/investment-strategy/property-news-and-insights/101638-honeycomb-and-sugarcube-residents-to-wait-on-contaminant-tests.html>

Another building, Joshua, on Euston Rd Alexandria, also reached the front pages of the Sydney Morning Herald. The primary concern is over fire safety compliance. The matter may not have been discovered except for the eagle eyes of nearby residents who noticed that the top floor was not set back properly as required. This discovery triggered a council audit which found many other problems.

<https://www.smh.com.au/national/residents-at-risk-council-sought-demolition-orders-on-alexandria-block-20190723-p52a1t.html>

Star Printery in Erskineville had significant damp and mould problems that resulted in one sick resident being forced to move out on her doctor's recommendation. The owners reached a legal settlement with the developer DeiCorp for far less than the cost of rectification. This same developer has been contracted to redevelop the Block in Redfern. This naturally raises great concerns for our historically disadvantaged Aboriginal neighbours.

<https://www.sbs.com.au/news/alarm-after-block-s-developer-taken-to-court-for-alleged-shoddy-work>

Erskineville's tallest apartment tower recently completed a costly round of defect rectification that included the replacement of 180 leaking windows. The project took 1.5 years and cost \$10 million.

<https://cjduncan.com.au/remedial/>

Another apartment building in the area had serious water penetration issues and other defects. For example, none of the apartment laundries had the required floor wastes installed, many bathrooms are improperly ventilated and balconies improperly sealed. With the 7 year statute of limitations looming, the residents settled out of court for \$1 million but the cost of rectification was more than double that, leaving them with sizable special levies. Some defects cannot be economically repaired at all, and just have to be accepted.

Water penetration is a common complaint. In times of heavy rain, new problems are discovered. In the April 2015 storms, at least two apartment buildings in Erskineville had residents that had to be evacuated for months on end while emergency remedial work was completed. People's lives are uprooted, causing significant stress.

The problem of building defects is complex and difficult to solve. One problem is that those most affected, the owners, are usually very reluctant to speak up due to the reputational damage to their building, and consequent loss of value to the most expensive

possession they will ever own, their home.

Obviously, in the long run, it is much cheaper to build properly in the first place, than rectify defects after main construction is complete and people have moved in. This is an under-appreciated aspect of the housing affordability crisis in Australia – that dodgy buildings don't save money, they cost more in the end.

At the very least, it is clear that the profit motive must be more strongly controlled in the provision of such a basic human need, that of housing. In the rush for profits, developers will take unacceptable shortcuts to the detriment of the average citizen. This is not just seen in the relation between residential developers and their direct clients, the homebuyers, but to the wider community as well. Large increases in residential density are being forced on communities without corresponding improvements in necessary infrastructure and the public domain. Insufficient transport infrastructure (public and active), schools, hospitals, parks, stormwater drainage, community halls and facilities and the like are built to maintain quality of life.

This profit motive and failure to treat housing as a basic human need has also led to a massive shortfall of social housing and unaffordable rents for many.

This all comes at a time when we should also be raising building standards for reduced energy consumption and environmental sustainability. Many strata owners would like to have solar panels or sustainable design improvements but are too busy or financially troubled by defects to be able to commence such projects.

Friends of Erskineville calls for the scrapping of the private certification system in favour of a public authority with the necessary skill and independence to ensure safe and high quality construction. Construction sites must be independently supervised. It must be made impossible for developers and construction companies who go bankrupt and dissolve to return as 'phoenix' companies later on. The imbalance of power of huge developers over the community must be reversed by devolving some decision making back to local councils where there is more direct democratic involvement.

Yours sincerely,

Andrew Chuter

President | Friends of Erskineville

28 July 2019