

Australia: Sydney apartment residents face \$50 million repair bill for building defects

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The owners of 276 apartments in Sydney's inner west confront the prospect of being forced to pay \$50 million to repair serious building defects in the seven-year-old Vicinity complex.

The three-building complex was constructed by Toplace, which recently entered administration following the suspension of its building license, after major faults were discovered in multiple apartment blocks built by the company across the city.

These include the Skyview and Atmosphere towers at Castle Hill, as well as Riviera and Rise in Parramatta. Altogether, some 20,000 residents are thought to be impacted.

Toplace owner Jean Nassif is the subject of an arrest warrant over fraud allegations, but he has been out of the country since December.

Administrators said on Wednesday that this could be the "biggest collapse in the Australian property market's history," with Toplace owing around \$200 million to more than 500 creditors. These include subcontractors who have not been paid for their work and buyers who have prepaid for units in uncompleted builds.

Residents of the Vicinity complex in Canterbury began action against Toplace in the New South Wales (NSW) Supreme Court in 2018 over structural faults. While emergency supports were installed in 2021 to prevent a collapse, NSW Fair Trading issued a Building Work Rectification Order (BWRO) earlier this month requiring Toplace to rectify slabs and support columns within 12 weeks. Fair Trading warned that the inadequacy of the load-bearing components could result in the building or part of it being destroyed.

Vicinity apartment owner Patrick Quintal told *World Socialist Web Site* reporters that the collapse of Toplace means that owners of defective apartments may be

liable for the full cost of complying with the rectification orders.

He said: "It was already flagged about six months ago by the Department of Fair Trading that Toplace was going to go into administration. The fact that we have a government that just sat there and did nothing is kind of appalling. Now we are being told to get in contact with the people who are doing the administration of Toplace's assets and we're listed as an unsecured creditor, which basically means we get nothing."

Quintal and other apartment owners are already paying between \$4,000 and \$6,000 per quarter in strata maintenance costs even before they confront the major rectification expenses. Just one of the four BWROs currently in effect, which are "normally done in small batches," will cost them \$150,000.

"We have people who have full-time jobs who are now doing Uber Eats just to pay the difference," Quintal said. "The government said the best they could do is an interest free loan. What a joke."

Quintal showed WSWS reporters through one of the buildings, describing the extent of the defects.

The building's basement carpark regularly pools with water, which seeps in through the foundations from the nearby Cooks River, indicating that they have not been properly waterproofed to protect from damage and decay.

Engineers have already found evidence of "concrete cancer"—rusting of steel reinforcement—in some internal columns and more are being investigated. The owners' corporation has been forced to set up six massive temporary columns on three levels to reinforce the structure, which they were warned was liable to collapse.

Quintal noted that the situation he and his co-owners face is not unique or limited to a single developer: "I try

to make sure people aren't really hingeing on Toplace itself, because it was the environment they were operating in. If it wasn't Toplace, it would have been someone else."

That "environment" is one in which every aspect of planning and construction, including the safety and basic functionality of residential apartment complexes, is subordinated to the profit interests of property developers.

A 2021 report by the University of New South Wales City Futures Research Centre found that at least one in four Sydney apartment blocks constructed between 2008 and 2017 had some sort of building defect. The figure was likely far higher, the report said, but comprehensive records were not available for all constructions. Of those for which complete data were found, 51 percent had at least one defect, 28 percent had at least three, and 12 percent had more than ten different types of fault.

The research was carried out following the discovery of major structural faults at Mascot Towers and Opal Tower, which resulted in those buildings being temporarily evacuated.

In an attempt to hose down public concern over those disasters, the then Liberal-National NSW state government installed David Chandler in the new role of Building Commissioner within the Department of Fair Trading. Now, the recently elected Labor government, led by Premier Chris Minns, has established the NSW Building Commission. It will also be headed by Chandler.

An opinion piece by Chandler, published today in the *Sydney Morning Herald*, downplayed the systemic issues in the construction industry.

Concerned that "recent media coverage of the worst apartment developers and builders over the past 15 years has wreaked havoc on public confidence," Chandler claimed, "we are seeing a steadily growing number of trustworthy developers and builders taking a firm stand to disassociate themselves from those who have left a trail of dodgy buildings behind."

The basis he cited for this assertion was: "Anecdotal feedback is that there are observable improvements in the quality of recently completed buildings."

The reason for concern over "public confidence" was spelled out in the piece, with Chandler noting: "The NSW government has confidently called for a

substantial lift in the number of new apartment buildings to address the chronic shortage of housing."

The state government is planning to override local council environmental laws for projects of over \$75 million, allowing developers to add an extra 30 percent in floor space and height to projects, if they agree to allocate 15 percent of total floor area to "affordable" housing.

These developers will also be able to access a fast-tracked planning approval pathway. Minister for Planning Paul Scully recently told a Property Council of Australia housing summit that he would look into using artificial intelligence to fast track approvals.

In other words, under the pretext of addressing the housing crisis, the NSW Labor government is working to further increase the profits of wealthy developers, while reducing what little scrutiny currently exists to protect residents and owners from building defects, which are rife in the industry.



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