

## Strata Plan Tips and Reminders

To assist in the preparation of strata plans, we are providing some helpful tips and reminders on various strata plan scenarios and components in which NSW LRS are seeing an increase in inquiries and lodgments.

### Unit Entitlements

The requirements for schedules of unit entitlements are set out in [Schedule 2 Strata Schemes Development Act 2015](#) and [Clause 7 Strata Schemes Development Regulation 2016](#)

The Valuers Certificate is completed by a qualified valuer to certify the schedule of unit entitlements.

It is the responsibility of the surveyor to provide the schedule of unit entitlements, however each unit entitlement must be apportioned in accordance with Schedule 2 *Strata Schemes Development Act 2015* and determined by a qualified valuer.

Below is Schedule 2 Clause 2 *Strata Schemes Development Act 2015* which provides the requirements regarding **Initial Strata Plans**.

#### **2 Schedule of unit entitlement for a Strata Plan (Initial Strata Plan)**

(1) A schedule of unit entitlement for a **strata scheme that does not include a development lot** must show as whole numbers—

- (a) the aggregate unit entitlement of all lots, and
- (b) apportioned on a market value basis at the valuation day and totalling the aggregate unit entitlement of all lots, the proposed unit entitlement of each lot.

(2) A schedule of unit entitlement for a **strata scheme that includes a development lot** must show as whole numbers—

- (a) the aggregate unit entitlement of all lots, whether or not a development lot, and
- (b) apportioned on the basis of land value (within the meaning of the [Valuation of Land Act 1916](#)) and totalling the aggregate unit entitlement referred to in paragraph (a)—
  - (i) the proposed unit entitlement of each development lot, and
  - (ii) the aggregate proposed unit entitlement of all lots that are not development lots, being the unit entitlement attributable to the residue of the land in the proposed parcel, and
- (c) apportioned on a market value basis at the valuation day and totalling the proposed unit entitlement of all lots that are not development lots, the proposed unit entitlement of each lot that is not a development lot.

## Changing Unit Entitlements

The unit entitlements for an existing Strata Scheme may be changed in the following ways –

### Order by the NSW Civil and Administrative Tribunal

An order may be made by the NSW Civil and Administrative Tribunal (NCAT) to reallocate the unit entitlements of a scheme if at the time the plan was registered they were unreasonable or overtime they became unreasonable, see section 236 *Strata Schemes Management Act 2015*.

The changes to the schedule of unit entitlements will require the lodgment of an [Order affecting a strata scheme](#) dealing Form 15SO with NSW LRS. Advice should be sought from NCAT regarding the requirements to reallocate the unit entitlements in this manner.

### Strata Plan of Subdivision involving common property (subdivides or creates CP)

When a Strata Plan of Subdivision involves common property it is permitted to alter the unit entitlements for all lots in the scheme and change the aggregate.

The schedule of unit entitlements must include all existing lots in the scheme (not the lot(s) being subdivided) and the new lots being created.

The administration sheet requires the completion of the Valuers Certificate and [Approved Form 11](#) indicating that the owners corporation have passed a special resolution agreeing to the change in unit entitlements.

**This provision does not apply to the subdivision of a development lot.**

### Strata Plan of Subdivision involving lots only (no CP is being subdivided or created)

The schedule of unit entitlements must include all existing lots in the scheme (not the lot(s) being subdivided) and the new lots being created. The sum of the unit entitlements for the new lots must equal the sum of the lot(s) being subdivided.

**This provision does not apply to the subdivision of a development lot.**

**A Strata Plan of Subdivision which does not involve common property cannot alter the unit entitlements of lots which are not involved in the subdivision nor change the aggregate unit entitlements of the scheme**

### Conclusion of a Development Scheme

At the conclusion of a development scheme the owners corporation may consider that the schedule of unit entitlements does not reflect the market value of the lots, a revised schedule of unit entitlements may be lodged see [Approved Form 18](#).

The Approved Form must be signed by a qualified valuer certifying that the unit entitlements of the lots are now apportioned on market value basis, the owners corporation must also consent

indicating that they have passed a special resolution in accordance with section 90 *Strata Schemes Development Act 2015* agreeing to the revised schedule of unit entitlements. A [Request Form 11R](#) should be lodged with Approved Form 18.

### Conversion of Strata lot to Common Property (dealing Form 15CD)

Upon registration of a [Notice of Conversion of Strata Lot to Common Property](#) dealing Form 15CD, the unit entitlement value of the lot being converted will be removed and the aggregate of the scheme will be reduced by that amount.

Approved Form 11 cannot be lodged on its own to change the unit entitlements unless it is provided with a Strata Plan of Subdivision which involves common property.

## Strata Plan Preparation Guide

Remember to review the Strata Plan Preparation Guide located on the NSW LRS website.

[Strata Plan Preparation Guide](#)