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POLITICS VICTORIA CONSTRUCTION

Cladding loans to be offered to thousands of apartment owners

By [Clay Lucas](#)

25 July 2018 – 8:11pm



Owners of thousands of apartments across Victoria covered in combustible cladding will be able to get their buildings repaired via a loan paid off on their council rates, under laws to be introduced on Thursday.



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In a bind over many apartments and townhouses around Victoria clad in dangerous materials, the Andrews government will create the new scheme so that owners can pay for their building to be repaired more quickly.

Planning Minister Richard Wynne will on Thursday introduce the laws, which will allow for “Cladding Rectification Agreements”.





Lacrosse building's 2014 fire was exacerbated by its flammable cladding.

Photo: Scott Barbour

The laws will allow owners and body corporates to pay off a bank loan to fix their cladding via their council rates.

Under the scheme, owners would be charged via their rates over a minimum period of 10 years, with costs transferred with the property if it was sold in that period.

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Since the 2014 blaze at the Lacrosse tower in Docklands, the government has been grappling with how to fix the problem of builders cladding or having approval to clad 1369 buildings around the state in unsuitable cladding that is not fire resistant.

The problem was made more urgent after London's Grenfell tower fire. Clad in identical materials, the building burnt down killing 72 people.

About 100 buildings around Victoria have now been issued with orders to remove cladding and have it replaced with suitable material.

Municipal Association of Victoria chief executive Rob Spence said the agreements would allow people to immediately have their apartment building fixed, and to pay the loan back over time.

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“It enables the owners to get them fixed and make them safe to live in,” Mr Spence said.

He said there would still be legal action taken over time against builders, surveyors or architects who had approved or carried out the construction.

Mr Spence said while adding the bill for the repairs would increase rates, “anyone who has a cladding problem, the value of their property goes down, so it will stabilise the price. I feel sorry for anyone who is caught in this situation”.



At least 1400 buildings in Victoria have high-risk cladding on them.

Photo: Joe Armao

The new lending arrangement to be announced by the government was a key recommendation of its Victorian Cladding Taskforce, established last year and chaired by former Premier Ted Baillieu and former Deputy Premier John Thwaites.

The council areas most affected by cladding on recently built towers are Melbourne, Yarra, Boroondara, Stonnington, Moreland and Moonee Valley.

Mr Wynne said the scheme offered owners the cheapest and most efficient way of fixing their building.

“As well as making properties safe and compliant with building laws, these financing agreements allow cladding to be removed quickly, without affecting property prices,” Mr Wynne said.

“I feel sorry for anyone who is caught in this situation.”

Rob Spence, chief executive, Municipal Association of Victoria

Sahil Bhasin is the national general manager of Roscon, a company specialising in identifying building defects.

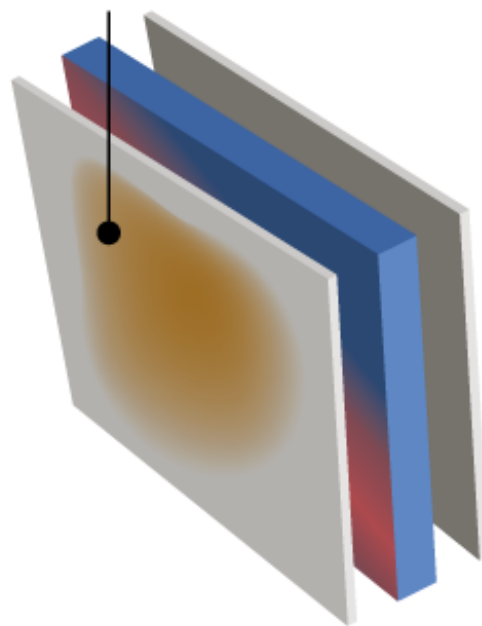
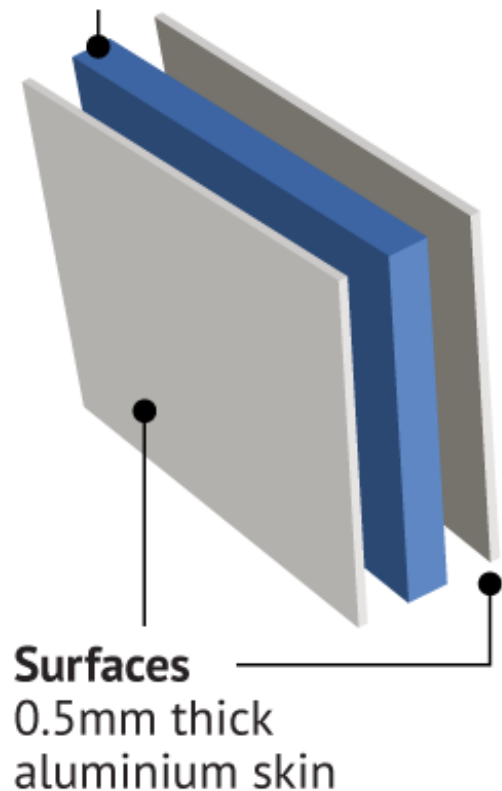
He said owners of apartments should never have been placed in this position in the first place because building surveyors should have picked up that the construction was not up to scratch.

Aluminium composite cladding panel Flammable core

Insulating core
2-5mm thick,
100% polyethylene

Heat from a fire will
conduct quickly to the
core through thin
aluminium

Core loses
bond, causing
skins to delaminate



and

Graphic: Jamie Brown

“The Andrews Government is protecting the building industry by passing the cost of rectification onto owners, when they should be helping prosecute the builders,” Mr Bhasin said.

He said there had not been consultation with the building industry, and that it was clear the “cladding loans” may not work.

And he said if Cladding Rectification Agreements could be reached, they would need to be disclosed when an apartment was sold. “[They] would devalue the properties affected,” he said.



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Clay Lucas



Clay Lucas is city editor for The Age. Clay has worked at The Age since 2005, covering state politics, urban affairs, transport, local government and workplace relations for The Age and Sunday Age.

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