How do we make money from our visitor spaces?

Owners Corporations in NSW can generate revenue from visitor parking spaces by leasing, licensing, or selling, their spaces provided they comply with relevant development consents and legal requirements.

Owners Corporations have a variety of options to generate revenue from their common property. A question which frequently arises is whether schemes can sell or lease their visitor car parking spaces on the common property to lot owners or third parties.

However, it is important to do things correctly to avoid the prospects of dispute or an expensive challenge in Court.

Check Development Consents

- Many environmental planning instruments (**EPIs**) and development control plans (**DCPs**) require buildings to provide a set number of off-street visitor parking spaces. These requirements may be reflected in the development consents conditions.

- If the visitor car parking spaces are designated for public use by the development consent, the scheme's options could be limited.

- Schemes should investigate the status of any conditions with Council and obtain advice about dealing with these conditions if any exist.

How can a scheme allocate the spaces?

Subject to being satisfied with development consent conditions, Owners Corporations should also communicate its intentions with the lot owners and decisions regarding the common property should be supported by appropriate resolutions or special resolutions.

Schemes have a number of options to make money from the spaces including:

- **By-Law** – A scheme can specially resolve an exclusive use by-law to allow a lot owner use of a car parking space.

- **Lease or licence** – A scheme may enter into a lease which gives a lessee the right to license that area from the owners corporation for a certain period of time.

- **Transfer granting easement** – The scheme could enter into a transfer granting easement over the use of the space.

- **Subdivision and transfer**- This is complex and lengthy process where the scheme subdivides the common property and then sells it.

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How can a scheme price the space?

- A car parking space, especially around popular locations, can be a valuable asset. Owners Corporations could obtain a valuation of the common property car space to work out the market value of the space and how to deal with it.

- Owners Corporations can face a problem where the demand for the space exceeds the supply. In those circumstances, an auction for the space is an option but schemes should obtain advice about what is an appropriate method of conducting the auction.

What are the tax implications?

- Income received may be taxable income in the hands of the owners. Owners Corporations and owners should obtain independent tax and legal advice about the money received from an allocation of a visitor car parking space.

See Further

How to Make Money from Common Property

Important Tax Update – New Draft Ruling for Strata Schemes

Unauthorised Parking – what can owners corporations do?

Key takeaways

- Owners Corporations can monetise visitor parking spaces through leasing, licensing, or by-law agreements.
- Development consents may limit the options available for monetising visitor parking spaces.
- Valuing the parking space is crucial for determining its market worth and pricing strategy.
- Tax implications must be considered when income is generated from visitor parking spaces.
- Legal advice is essential to navigate the complexities of common property management.

****The information contained in this article is general information only and not legal advice. The currency, accuracy and completeness of this article (and its contents) should be checked by obtaining independent legal advice before you take any action or otherwise rely upon its contents in any way.*

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