

Strata Renewal Plan Survives Challenge from Dissenting Owners

Recently, Bannermans Lawyers successfully represented an owners corporation to obtain orders from the Land and Environment Court (**the Court**) to give effect to a Strata Renewal Plan prepared under Part 10 of the Strata Schemes Development Act 2015 (NSW) (**the Act**) for the redevelopment of Strata Plan No. 1998, in the case of *The Owners – Strata Plan 1998 v Perifa Gerrale Pty Ltd* [2026] NSWLEC 9.

Background

The Owners Corporation sought orders to give effect to a Strata Renewal Plan under the Act. The proposed developer owned several lots in the scheme and supported the application. Three dissenting owners objected on grounds including conflict of interest, valuations, alternative developers, and governance issues.

Key Issues Considered

The Court applied the framework in *The Owners-Strata Plan 934 v T&P Chimes Development Pty Ltd* [2025], stating:

[20] ... *The SSD Act requires the court to consider:*

- (1) *the application to it and whether it complies with s 179 of the SSD Act;*
- (2) *whether the court can be satisfied of the matters identified in s 182 of the SSD Act; and*
- (3) *the terms of the final orders under s 183 of the SSD Act.*

Does the application comply with section 179 of the Act?

The Court found that the application complied with all mandatory requirements of section 179 of the Act. No dissenting owner raised any objection regarding compliance with section 179.

Can the Court be satisfied of the matters in section 182 of the Act?

a) Court to consider no longer active dissenting party in proceedings

The Court found that even though the Second Respondent withdrew from participating in the proceedings, she remained a “dissenting owner” under section 154 because she didn’t submit a support notice for the Strata Renewal Plan and therefore continued to fall within the statutory definition.

b) Whether relationships between owners and the developer affected good faith preparation of the plan

The Court found that the alleged connection between a representative of the developer and the secretary of the Owners Corporation, did not undermine the good-faith preparation of the Strata Renewal Plan under section 182(1)(a). Their interaction amounted only to limited professional familiarity, not the deeper financial, emotional, or business connection required to constitute a “relationship” under the Act. Even if such a relationship had existed, there was no evidence it influenced or compromised the preparation of the plan, so the good-faith requirement was satisfied.

c) Whether statutory steps were properly followed

The Court found that all procedural requirements in section 182(1)(b) were met, despite the notice to the Registrar General being given seven days late. It treated the delay as a minor technical breach because the notice’s purpose—alerting potential purchasers to the supported renewal plan—was not frustrated, and no one was misled or affected. As the delay was not likely to cause substantial injustice, the Court held it did not impact compliance with section 182(1).

Even if it had been a defect, section 182(4A) allowed the Court to overlook it, and the non-compliance did not undermine the validity of the renewal process or the orders sought.

d) Adequacy of compensation to dissenting owners

The Court held that the compensation offered to dissenting owners met section 182(1)(e). It accepted the valuers’ unchallenged evidence, noting that although some objectors argued the amounts should have been higher, none claimed dissenting owners were offered less than supporting owners or provided competing valuations. The Court also confirmed that compensation was calculated solely by unit entitlement, meaning all owners received the same proportional amount and dissenting owners would have received identical compensation had they supported the plan.

e) Whether settlement terms were just and equitable

The Court held that the settlement terms for dissenting owners were “just and equitable” under section 182(1)(f) because dissenting owners were not treated unfairly compared with supporting owners. They were offered compensation “substantially the same,” with the only difference being that their participation would occur through a court-ordered process rather than voluntary agreement. As the Act expressly anticipates that some owners may need to be bound by court order, this distinction was permissible, and the settlement terms were considered just and equitable in the circumstances.

f) Remaining matters raised by the dissenting owners

The Court held that the remaining objections fell outside the mandatory considerations in section 182 and therefore could not justify refusing the orders once the statutory criteria were met. Objections about alternative proposals, maintenance instead of redevelopment, and governance concerns did not demonstrate any failure to satisfy section 182(1).

Regarding alternative proposals, the Court found that a competing offer had, in fact, been considered, but it was never a valid strata renewal proposal under the Act, meaning the Owners Corporation had no legal obligation to assess it under section 157. Preferences for different redevelopment models were irrelevant because the Court's role is confined to evaluating the Strata Renewal Plan before it.

Objections arguing that the buildings should have been repaired rather than redeveloped were also rejected. While substantial repair needs were acknowledged and thoroughly investigated by the Owners Corporation, the Court held that the choice between repair and redevelopment is a matter for the scheme, provided the statutory thresholds are met.

Governance concerns were similarly dismissed. Complaints about meeting conduct were considered internal management issues and not shown to affect any statutory requirement. As none of the objections demonstrated a failure to comply with section 182, they had no impact on the Court's determination.

What are the terms of the final orders under s 183 of the SSD Act?

The Court was satisfied that all statutory criteria were met and therefore *must* approve the plan under section 182.

Significance

This judgment reinforces the structured pathway for strata redevelopment in NSW, illustrating that:

- The courts will uphold a strata renewal plan where the statutory steps in Part 10 of the Act have been properly followed;
- Minor procedural defects (such as late notices) will not invalidate a plan if they cause no substantial injustice;
- Alleged relationships between committee members and developers must be shown to have actually prevented good-faith preparation of the plan to be relevant;
- Dissenting owners must receive at least their compensation value, and settlement terms must treat dissenters and supporting owners equally; and
- Broader objections, such as alternative redevelopment ideas, maintenance preferences or governance complaints, are not grounds for refusal unless they relate directly to the mandatory considerations in section 182.

Key takeaways

- The Court found that the application complied with all mandatory requirements of section 179 of the Act.
- Dissenting owners' objections were addressed, with the Court confirming the good faith of the Strata Renewal Plan's preparation.

- The Court treated a minor procedural delay as a technical breach that did not affect the renewal process.
- Compensation offered to dissenting owners was deemed adequate and equitable by the Court.
- The Court confirmed that all owners received proportional compensation based on unit entitlement.

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