

Rights under sectional conversion

Tenants obliged to make choice

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THERE is a growing demand for inner city dwellings, both for rental and ownership. While a number of new buildings have been built in the past few years, and many more are under construction, these are usually priced at a baseline of about R1m.

Sectionalising existing buildings is far more beneficial. The owner, as long as he or she is the registered owner becomes a developer when:

1. A meeting is held with the tenants to discuss the proposed scheme.
- 2 A draft sectional plan by an architect or land surveyor is presented to the Surveyor-General;
- 3 He applies to the Registrar of Deeds to register the sectional plan and open a sectional title register.

Hold the meeting in the building. The meeting with tenants is fundamental and the owner has to follow the following procedure:

- or in another building within a reasonable distance from the building to be converted to a sectional title scheme;
- Inform the tenants in writing by serving them with a least a 14 days notice that is delivered personally or sent by registered post.

This letter is accompanied by a certificate that informs the tenants of what the proposed scheme is all about including the name of the scheme, the developer's full name and address, property description as per the title deeds, estimate of expenses for the maintenance, repairs and management of the sectional scheme and a copy of the

architect's or professional engineer's report that details the physical state of the building and services available.

The tenants have the right of pre-emption, that is to say that they have the first choice to buy their respective dwellings (units) when the landlord decides to convert the building to either a sectional title or share block scheme.

A tenant who has subleased does not have a right of pre-emption nor the subtenant. The tenant has 90 days to accept the offer to purchase. If the tenant refuses to buy or fails to respond within 90 days, the landlord / developer can then sell the dwelling (unit) to an outsider.

However, the unit cannot be sold to an outsider at a lower price unless this price is offered to the tenant first.

The Sectional Titles Act also protects the tenant who declined to purchase the unit within 90 days by granting a "period of grace" of a 180 days should the owner/developer intends to cancel the lease.

In total, a tenant is given a "protection" of 270 days from the time the owner or developer informs the tenant in writing about the sectional title or share block schemes.

During the "period of grace" the owner cannot increase the rent nor give notice to vacate.

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