

NEWS

ADMINISTRATOR WANTS TO SELL

'Bad building' in court

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IN WHAT could set a precedent for "bad buildings" in South Africa, the administrator of a decaying sectional title block in Durban's Point Road is seeking a high court order allowing him to sell it off by public auction.

In law, this means the building will be "deemed to be destroyed" and the proceeds of the sale will go to paying off levy arrears, mortgages and other creditors.

What is left in the pot, if any, will then go to the individual flat owners.

The drastic step – the first of its kind in the country – has been sparked by the continuing deterioration of the eight-storey Ark Royal and the inability of a court-appointed administrator to resolve the financial crisis.

There are reportedly hundreds of similarly-situated buildings throughout the

country and flat owners, building administrators, banks and lawyers will be watching the case with interest.

The situation at the 57-unit Ark Royal had already reached crisis point in 2005 when, at the insistence of Standard Bank, Rodger Reinders was appointed administrator, effectively stepping into the shoes of the trustees of the body corporate.

At that time, the body corporate was broke. It was owed more than R1.2 million in levies, and it owed the council almost R1 million for services. There were no trustees, no-one willing to serve as trustee and the building was uninsured because of its state of disrepair.

In his affidavit before Acting Judge Trevor Gorvin in the Durban High Court yesterday, Reinders said he had attempted to reconcile the levy account but "due to lack of information and failure by members to cooperate", he had been unable to do so.

He had tried to get the support of owners in raising special levies and serving summonses on defaulters, but had failed. He could also not raise any outside finance to do the necessary repairs.

In the meantime, all services to the common property, including electricity, water, sanitation and rubbish removal had been suspended. The owners and legitimate tenants had moved out and criminals had moved in.

In an attached letter, Dir T Ndlovu-Miya, the station commissioner of Point Police Station, said the building had been hijacked by "foreign nationals" and was a haven for drug dealers, prostitutes and robbers.

Ndlovu-Miya said that street children, who used to live at the Tong Lok building, had moved in and attacked innocent school children for their lunch boxes as they walked past.

He also complained that the illegal residents "steal" water

from the beach and from other nearby buildings.

The building had also been deemed a health and fire hazard.

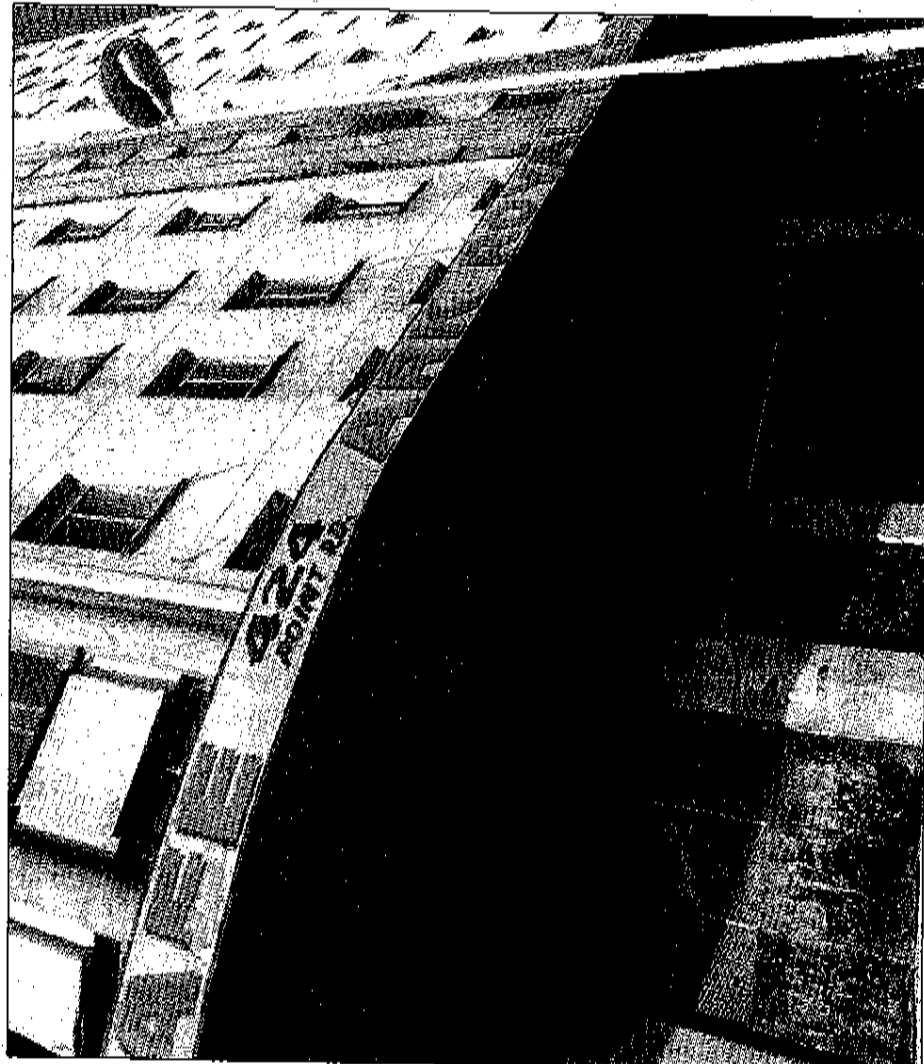
Reinders said that although the building was not beyond economic repair, structural damage was increasing, and it might have to be destroyed unless remedial action was taken.

"In its present state of disrepair, my inquiries revealed that it has a value of R4.3 million. If we do a revamp, the value would be R21.3 million."

However, he said, it had been estimated that it would cost about R1.8 million to restore the building "and I would not be able to raise these funds as I have no security to offer".

When the matter came before court yesterday the judge agreed that "something has to be done", but wanted notice to be given first to bond holders and the municipality.

He adjourned the application until September 18.



THE Ark Royal building in Durban's Point is poised to go under the hammer in a move being watched with keen interest. An administrator is seeking permission from the high court to sell the building by auction to settle its debts