

News from your Trustees #3

April 2024



MUTUAL
HEIGHTS

Mutual Building
14 Darling Street
Cape Town

mutualheights.info

Do you ever wonder what is being done to manage the building, especially when things appear not to be done?

This newsletter provides some insight into what goes on behind the "closed management doors", but they are not closed - you are welcome to ask for further details (see below).

It's all about cash flow:

The regular "administrative" levy pays for the routine management of the building, insurance, essential services and so on, and it increases with the general increase in the cost of living. There may be a small provision within the administrative levy for unexpected expenditure, but major works that only recur every five or ten years (such as painting the interior of the building or waterproofing the roof) are not budgeted for in the administrative levy.

They are dealt with in a 10-year maintenance plan based upon those longer-term major works that can be anticipated - our 10-year maintenance plan will be available for review at the AGM. It is funded from a *separate* levy that accumulates and maintains the "maintenance reserve". Owners will see this separate levy on their levy statements.

Sounds straightforward, yes? But it's not always as simple as that.

Managing the unexpected:

At Mutual Heights we have been suffering from an accumulating debt arising from unpaid levies (not just one section, but one is predominant). At the end of last year, the total debt owed by *all defaulters* was passing R 3,000,000 - that is about *one third of the annual levy income*. Dealing with problems like this over several years is a bit like boiling a frog: it requires a huge effort to recognise that something exceptional needs to be done (frogs seem not to realise that they must jump out of the boiling water - get it?).

In this case what was needed was to bring the case to court; I'm tempted to say that you have no idea how much effort and energy is needed to embark upon and successfully conclude litigation like this, but perhaps you have been through this process? The very short story is that on 28th March this year judgement was passed in our favour, with costs, and unless there are appeals within a few months we should be able to get things back on an even keel.

The consequences:

Let us hope that things continue to go our way. However, as we have explained previously, it is more than 20 years since the conversion of the building and there are necessary major works:

- Some existing fire doors are not compliant and additional fire doors are needed.
- The transformers and main electrical distribution boards are very old and not compliant.
- The roof needs to be re-waterproofed.

For these (and for other future projects) we have costs; for others, such as the water-cooling equipment on the roof, we are still waiting for expert advice on the costs, *but our reserves are very low* and we have to have the cash for these projects, they cannot be delayed.

The Annual General Meeting is the next major milestone. If you are an **owner**, we hope you will be there. Important decisions will be taken: a **special levy** is being discussed in order to deal with the cash flow issues and ensure funding for the necessary projects.

*With warm wishes,
On behalf of all your Trustees,
Andy Bytheway*

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Check out "Mutual Building" on Wikipedia:
http://en.wikipedia.org/wiki/Mutual_Building