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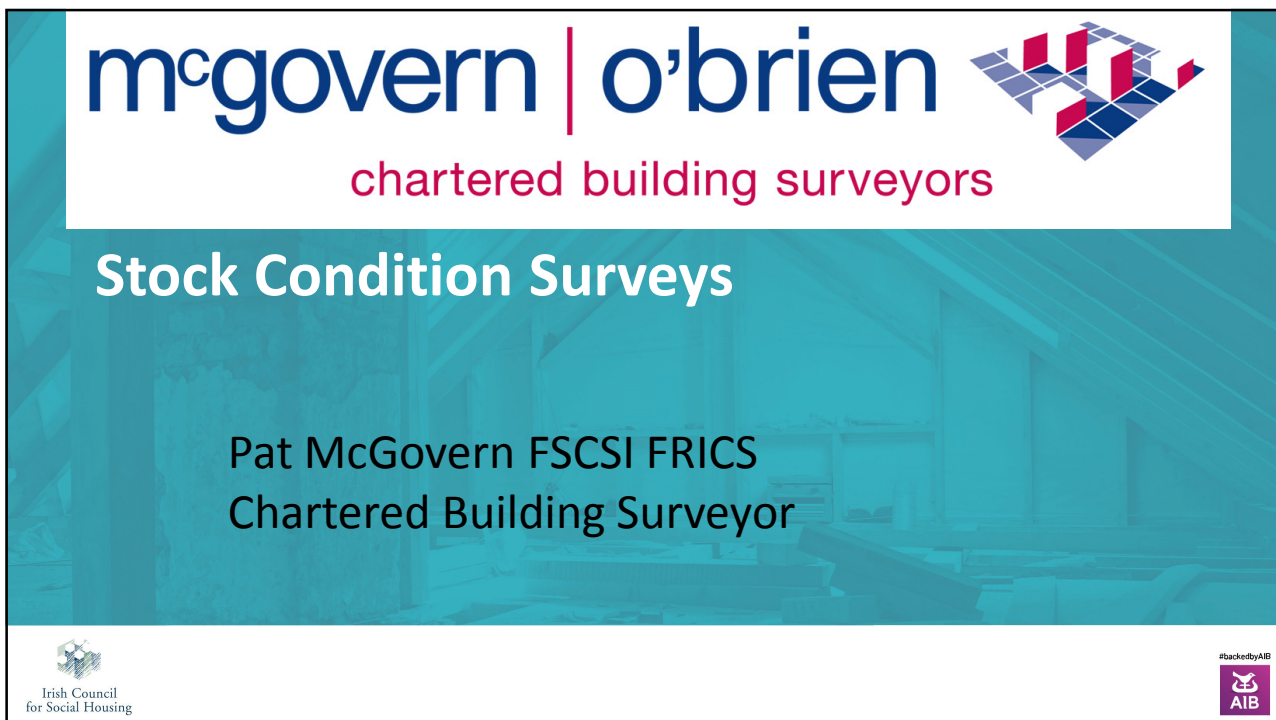
ICSH HOUSING FINANCE CONFERENCE


FOR DELIVERY & MANAGEMENT

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Stock Condition Surveys

Pat McGovern FSCSI FRICS
Chartered Building Surveyor


Irish Council
for Social Housing

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Areas covered in today's presentation

- Approach to the surveys
- Our findings
- Modern materials
- Costings
- Tips for the building surveyor

Our approach to the surveys

- Building elements
- Condition Rating
- Recommended Works
- Priority

Our findings after a number of surveys

- Nothing unusual in findings generally
- Issues mainly of a snagging nature or
- Poor workmanship during construction
- Poor repairs
- Lack of understanding of modern materials

Timelines for future works

- Short Term Works Typically 1 - 2 Years - Urgent
- Medium Term Works 3 - 5 Years - Important
- Long Term Works 6 - 10 Years- Issue should be addressed but not urgently
- CIBSE Guide – Estimate economic life expectancy for Mechanical and Electrical services.

Modern materials and defects

- Nickle sulphide
- Pyrite
- Zinc
- Solar panels
- Heating controls
- Smoke detectors
- Aluclad windows
- Roofing felts - detailing
- Fire seals / intumescent paints
- Disabled access

Modern Materials



Poor quality repairs



Routine Maintenance



Condensation



Hidden defects – Fire compartmentation



Cavity not closed



Compartment wall



Typical house



Maintenance Costs

- Obtaining Costs can be determined by estimation of the works based on the sample unit.
 - Historical cost data (Building Surveyor) updated on an ongoing basis
 - Book Price - Pricing data cost books (BCIS, Spons)
 - Contractors and Suppliers (obtain estimates for the works)



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Analysis of Stock Condition Surveys (Three Bed)

1990 Standard three bed two storey

- Approximate size in 1990 stock is 80m² with a typical cost of €7686 to refurbish a vacant unit
- Including internal decoration, and kitchen replacement
- Excluding floor finishes

2006 Standard three bed two storey

- Approximate size in 2006 stock is 84m² with a typical cost of €8394 to refurbish a vacant unit
- Approximate 5% increase in size and as a consequence 8% uplift in costs.
- Including internal decoration, and kitchen replacement
- Excluding floor finishes



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Issues arising in 2016 if the scheme was built in Typical 1990's build

- Boilers
- Windows
- Kitchens
- Fire alarms
- Redecoration

Go the extra mile



- Desk Study
- Turn off phone
- Head Torch
- Measure – 1 unit
- Photographs
- Technology - iPad
- Take a break – 5 mins



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Q&A

pat@mcgovernobrien.ie
www.mcgovernobrien.ie
Tel : 01-6610390



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Taking Stock – Sustainable Asset Management

Background

- Finance Director, Circle VHA
- 1,000 units – Owned and Managed
- Greater Dublin Area
- First housing provision 2006
- Traditionally 30% of differential rent to cash backed sinking fund
- 2015 undertook Stock Condition Survey

Overview

- Background
- Why Asset Management
- Key Areas within Asset Management
- Long Term Asset Management
- Stock Condition Surveys – The Circle VHA experience
- Sinking Funds

Why Asset Management?

- For the Tenants - ensuring that all AHB stock remains fit for purpose
- For the AHB – ensuring that there is sufficient funds available into the future to discharge liabilities around component replacement – Risk Management

Why Asset Management?

- 26,904 AHB Social homes under regulation
- €1.7bn of assets in sector funded by Government Capital Grants (2015)
- Housing Regulation Office
- RTB Provisions on minimum standards
- Housing Regulations (standards for rented houses) 2008

Key Asset Management Areas

- Long Term View – Stock Condition Survey
- Contracts Management – Plant which may require maintenance statutory requirements
- Cyclical Maintenance - boiler servicing; window cleaning etc.
- Response Maintenance – unforeseen preventative maintenance

Key Assets Management Areas

- Estate and Grounds Maintenance
- Health and Safety Management
- Contractor Management & Administration
- Procurement
- Insurance Management

What does a Long Term Asset Management Plan look like?

- Strategic Plan
- Driven by stock condition data
- Forecast of long term costs of maintaining housing stock
- Should provide a 30-year investment profile

Stock Condition Surveys – Decisions

- In house expertise v. QS Firm
- Methodology to be used – e.g. cloning of Data?
- What percentage of stock
- Outputs required – Database; excel workbook; specialised software – depends on size of stock (Asset Management Plan)
- Going forward – review of inputs and frequency of surveys
- Managing the system after the fact

Key Inputs

- The output is only as good as in inputs
- AHB must satisfy itself that a robust measure of actual stock condition has been achieved:
 - Realistic life cycle replacements
 - Replacement costs

For all of the main building elements must be accurate and complete.

Circle VHA Stock Condition Survey 2015

- External QS Firm engaged – 29th July 2016
- 18% of Circle Stock surveyed
- Uninspected properties cloned from donor matches
- Open Database produced – review in MS Access; MS Excel or export to .csv format
- 30-year investment profile provided
- Project complete and results reported to Board Oct 2015

What did it mean for Circle VHA?

- Reasonable estimate of how much we will be required to invest in our housing stock in Long Term
- Flexibility around Sinking Fund provision
- Live Asset Management plan scheduling major replacement requirements – project Management
- All surveyed units captured photographically

Next Steps – Circle VHA learning

- Once you have your asset management plan, keep it live and up to date
- The inputs on replacement costs and other assumptions should be reviewed periodically
- Subsequent surveys should aim to capture cloned units

Stock Condition Surveys and 30 Year financial forecasts

- 30 year financial forecasts – requirement for Tier 3s
- Include the stock investment profile
- Provides assurances that future requirements can be met from ongoing operations
- Possible move away from cash backed/ring fences sinking funds?

How much is enough for your sinking fund

- No one size fits all
- Several ways to manage the long term cost
- AHBs who have no plans to develop further
 - Annual amount put aside
 - Based on expected cost from Stock Condition Survey (future liability/number of years until it falls due)
- Collaboration opportunity for smaller AHBs?

Final Thoughts

- Can be an expensive piece of work
- Investment in safeguarding the AHB and the housing units asset

Thank You!



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Wayne Gethings
Managing
Director

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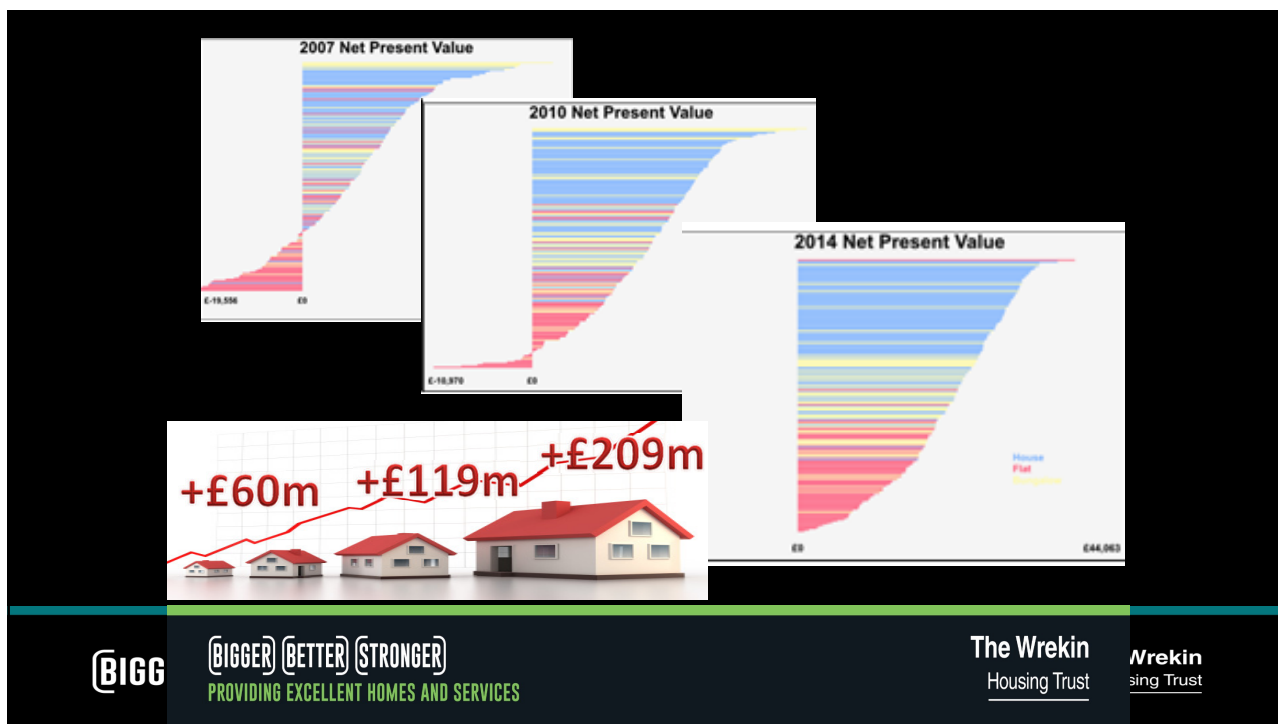
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VRTB

Once in a life time offer:



- 100% of open market value
- No estate agency fees
- Incentive for the buyer

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Methodology...the opportunity

Reviewed the bottom 10% performing assets based on the Asset Renewal Criteria
(1500 properties.)

Removed any properties already agreed to redevelop, as part of future development schemes, and retirement living schemes.
(447 properties remained)

Of the 447 properties, looked at which properties had been occupied 10* years or over.
(267 properties remained for proactive sale)



3 for 2

24 housing
More than bricks and mortar

News Your News Magazine Jobs Awards My 24

Trial concept bungalow fully furnished with TV's on the wall, installed and ready for occupation within a day at Trust's Head Office in Telford.

The Wrekin Housing Trust 16:23 September 9, 2016 0 SHARE

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Rethinking our view of a home



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This slide features a background image of a brick building. It includes a green square in the top left with the text 'OUR VISION', a large green circle on the right with the text 'TO PROVIDE EXCELLENT HOMES AND SERVICES', and a black footer bar with the text '(BIGGER)(BETTER)(STRONGER)' and 'The Wrekin Housing Trust'.