

Successful Apartment Living

Part 2



Survey of Service Charges,
Design, Management and
Owners' Attitudes in 193
Private Apartment Schemes
In Dublin City

June 2007



Dublin City Council
Comhairle Cathrach Baile Átha Cliath

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Bibliography

The data in this report was collected from a number of sources. Every effort was made to ensure its accuracy including checks against the source material and asking managing agents to review data relevant to the schemes they managed in 2005. Despite this it is inevitable there will be some errors, but it is not believed that these will be material enough to affect the opinions or analysis made.

As far as possible the data has been allowed to speak for itself with as little qualitative assessment as possible, leaving it up to the readers to form their own opinions. To ensure the data was comparable it was necessary to exclude schemes when the analysis was referring to a type of expenditure not included in a particular scheme e.g. not all schemes showed detailed expenditure for each aspect of management.

Executive Summary

1.0 Introduction

This research is the second part of Dublin City Council's report *Successful Apartment living A Role for Local Authorities in Private Residential Management Companies; Part 1* looked at the strengths and weaknesses of the existing system.

Anecdotal information has dominated discussions about the apartment sector and this research was undertaken to provide quantitative information to redress the imbalance between quantitative and qualitative research/discussion.

The private apartment market in Ireland is relatively immature:

- Few schemes have accommodated people from childhood, to adulthood to retirement
- Few private schemes have been refurbished or rebuilt. Even the professionals and providers in the sector are inexperienced about the life cycle issues facing apartment schemes – how do owners agree that refurbishment is uneconomic and that demolition and rebuild is required – if one owner fails to agree what options exist for the other owners wanting to pursue rebuild.
- Few purchasers can obtain advice from their parents about purchasing an apartment in the way they can when buying a house

However there is a willingness on the part of designers, planners, developers, managing agents and purchasers to give apartments a chance and it is important to take this opportunity.

There are a number of inter-related issues that affect the success of apartment living. Broadly they are; location, design, management, service charges, behaviour of residents/owners, social/tenure mix and how all of these interact.

Apartment living arrangements involve a high degree of interdependence and shared communal areas. An Apartment Owners' Management Company (AOMC) belongs to the apartment owners and is the mechanism by which owners eventually gain control and ownership of schemes.

Most apartment schemes use the limited liability company structure incorporated under the Companies Acts (either limited by shares or guarantee). Usually companies engage managing agents to provide day-to-day services. These services can be classified as Legal and Corporate, Financial Management, Insurance Management, Communication and Administrative Services and Buildings' Management

2.0 Research Methodology, Issues and Constraints

For this report both quantitative and qualitative research was undertaken. The surveyors (who came from an environmental health and planning background) evaluated each scheme against predetermined criteria related to design, safety, cleanliness and facilities based on a survey form included here as Appendix 1.

The qualitative research undertaken by Rubrikes consisted of focus group sessions with twelve apartment owners. The Rubrikes Report forms part of this document and provides owners' observations and insights into apartment living in Dublin in some of the schemes surveyed.

A number of problems were encountered during the physical and financial survey including difficulty gaining access to schemes, lack of information about which agents and AOMCs are associated with schemes and failure by many companies to file up-to-date accounts. There was also a lack of data about the location and number of apartment schemes in Dublin City generally.

Accounts rarely provide detailed information about important aspects of apartment schemes and most do not provide information such as:

- The address or location of schemes
- Size and type (number of bedrooms and whether the units are houses or apartments)
- Number of units
- Age of scheme
- Managing agent (unless the agent was the company secretary or presenter of the accounts)
- Mix of land uses i.e. residential or combination of residential and other uses.
- There was no data found in the accounts to show who the developer was and whether communal areas are vested in the AOMC, although it was possible to deduce both of these by looking at the names and addresses of the directors.
- No list of members provided
- No mention of the tenure of the apartments in schemes.
- Information about the sinking fund including disbursements is generally poor.
- The accounts did not include data about scheme characteristics which would affect long term sustainability and the level of sinking fund required e.g. lifts, pumps, underground car parking or unusual characteristics/facilities such as mixed use or childcare, laundry, play areas, swimming pools.
- There was no mention in the accounts about the basis of apportionment used to share the costs of maintenance and management between the apartments (and where relevant the non-residential users).

3.0 Physical Survey

The survey was undertaken in Summer 2006 and the financial period reviewed was 2005, (2004 data was used only for comparative purposes). The physical survey examined 193 private apartment schemes totalling 15,804 apartments. AOMCs were located for 142 of the 193 schemes but it was impossible to find the AOMCs for the other 51 schemes. A detailed financial review including a comparative analysis was undertaken for 62 schemes where the AOMCs were located and where the 2004 and 2005 accounts had been filed. Given the importance to owners of their AOMC remaining a legally active body it is a concern that so many companies had not filed their 2005 annual report and accounts with the Companies Registration Office by early 2007 when the financial survey was undertaken. Table A shows the spread of the schemes surveyed. All the schemes are shown on a Map in Appendix 2, the 62 schemes included in the financial survey are shown coloured red, the others are shown coloured blue.

Table A Location of Schemes Surveyed			
Relationship to Canals			
Location	Within	Outside	All
Units	7,775	8,029	15,804
Schemes	84	109	193

3.1 Age of Schemes Surveyed

The age of schemes surveyed was determined from the date the AOMC was incorporated and by other enquiry when information about the AOMC could not be sourced. Schemes were grouped to take account of the urban renewal tax incentive schemes of the 1980s and 1990s, of those surveyed 84 were built after 1986 and 90 were built after 1998.

Table B Age of Schemes Surveyed			
Relationship to Canals			
Location	Within	Outside	All
1974 – 1986	1	18	19
1987 – 1997	43	41	84
1998 – 2005	40	50	90
Schemes	84	109	193

3.2 Size of Schemes Surveyed

The schemes surveyed were chosen at random and are spread throughout Dublin City Council's administrative area. Managing agents say that, in their experience, schemes of less than 100 tend to have higher unit costs than bigger schemes. Most large agencies prefer not to manage blocks of less than 50 believing that it is difficult to maintain a low unit cost for fees while providing the type of service that owners want. In addition agents claim that newer schemes are bigger particularly in areas with high land values.

Table C Analysis of Schemes Surveyed by Location and Size

Units	1974 to 1986	1987 to 1997	1998 to 2005	Canals		Total
				Within	Outside	
1 – 25	8	22	20	13	37	50
26 – 99	10	34	43	44	43	87
100 – 199	2	17	18	18	19	37
200+	-	10	9	9	10	19
Total	20	83	90	84	109	193

3.3 Physical Characteristics of Schemes Surveyed

Most schemes surveyed had lifts although 67 schemes (four floors or less) did not have lifts and a further 8 schemes which are higher than 4 floors also did not have lifts. The survey examined the accessibility of schemes for people with physical disabilities, and found that nearly 50% of schemes are not easily accessible. New schemes need to comply with the 2007 Department of Environment, Heritage and Local Government Best Practice Guidelines for Delivering Homes Sustaining Communities entitled Quality Housing for Sustainable Communities.

Table D Analysis of Provision for People with Disabilities

Age	Good Provision	Poor Provision	Total
1974 to 1986	6	14	20
1987 to 1997	36	47	83
1998 to 2005	54	36	90
Total	96	97	193

3.4 Suitability of Open Space for Children

The researchers considered whether the open spaces in the schemes surveyed were suitable for children. Their assessment recognised that children will use car park areas and that even if desirable it is impossible to effectively restrict this use.

Table E Suitability of Open Space for Children by Area and Age

Suitable	Total	Within Canals	Outside Canals	1974 to 1986	1987 to 1997	1998 to 2005
Yes	50	4	46	6	25	19
No	143	80	63	14	58	71
Total	193	84	109	20	83	90

The research found that 3 schemes had designated play areas and 9 had crèche facilities, (8 built after 2000). There are some concerns in the sector that insurance companies might see play areas as an increased insurance risk which would affect the level of premiums quoted and perhaps also their willingness to quote.

3.5 Gates, Lighting and Perceptions of Safety

There are gates in 136 of the schemes surveyed. Gates occur most often in the north inner city and the centre city areas. Gates are frequently shown in sales brochures as “security” but this is usually inaccurate; generally access gates are “vehicular gates”. The design and layout of schemes without gates needs careful consideration and excluding gates at the planning stage is not effective unless the original design and layout was for an “open scheme”. The surveyors rated each scheme against “perceptions of personal safety”. Table F shows these results and also provides information about gates and lighting. The assessment took account of the extent to which the lighting was sufficient or mostly decorative. It also looked for energy saving systems. As well as overall perceptions of safety the researchers looked at different areas within schemes. Underground car parks were considered by the researchers to be the areas that felt the “least safe”.

There were no common characteristics influencing perceptions of personal safety other than the area/location of schemes.

Table F Perceptions of Safety in Schemes Surveyed

Characteristics	Relationship to Canals		Area of City					All
	Within	Outside	NOC	NIC	CC	SIC	SOC	
Total Schemes	84	109	48	16	78	34	17	193
Lighting Suitable	70	95	41	15	65	31	13	165
Gated Schemes	78	58	22	13	72	21	8	136
Perceptions of Safety is Good	65	100	42	16	60	32	15	165

CC refers to City Centre, NIC refers to North Inner City, NOC refers to North Outer City etc.

3.6 Security Systems Observed in Schemes Surveyed

Places with a tradition of apartment living tend to use on-site apartment supervision. The most effective form is a janitor, caretaker or building supervisor - these tend to multi-task and become involved in litter picking and routine maintenance whereas a concierge generally remains at a reception desk. Any form of on-site presence reduces vandalism and graffiti thus minimising repair and security costs. Janitors and caretakers also provide an increased sense of order and safety by promoting greater awareness of and compliance with “house rules”. Facilities for on-site personnel need to be considered at the design stage.

Table G Security Systems Observed in Schemes Surveyed

Area	CCTV	Security Guard	CCTV & Security Guard	Caretaker/ Janitor	No security Observed
Within Canals	65	10	9	13	17
Outside Canals	54	1	1	8	53
Total	119	11	10	21	70
% of total	62%	6%	5%	11%	36%

3.7 Evidence of Regular Cleaning

In most schemes there was evidence of regular cleaning although cleaning in nearly 1/3rd of schemes could be improved. Suburban areas tended to fare best, agents pointed out that centre city schemes suffer from extreme forms of anti-social behaviour by residents particularly at weekends. Internal areas often show evidence of discarded take-away food cartons, cans and bottles, vomit, urine and other human soils. Agents also stressed that evidence of cleaning is both a management and owner behaviour issue and that in many cases problems with behaviour can be traced back to the ratio of units occupied by owners compared to tenants.

Table H Evidence of Regular Cleaning

Area	Regular Cleaning		Total
	Yes	No	
NOC	37	11	48
NIC	13	3	16
CC	43	35	78
SIC	27	7	34
SOC	14	3	17
Total	134	59	193
% Total	69%	31%	100%

3.8 Bicycle Storage Facilities

The research looked at the provision of safe and secure facilities for storing bikes. Table I shows that appropriate facilities for bikes are provided in only 50% of the schemes surveyed, irrespective of location, size or age.

Table I Analysis of Facilities for Secure Bicycle Storage in Schemes Surveyed

Location	Secure Storage Provided	Not Provided
Within Canals	44	40
Outside Canals	54	55
Both	98	95

3.9 Car Parking

Table J shows that there is a shortage of spaces for car parking in city centre and south inner city apartment schemes. The quality of public transport determines the extent of the impact of “insufficient” car parking. Another important influence is the availability of “free” or disc parking on adjoining streets. Most families want to park a family car even if only for use at weekends and for supermarket shopping. Table J looks at the extent to which apartment residents in schemes that do not have on-site car parking can use adjoining streets for parking. The table also shows whether the area has disc parking.

Table J Analysis of Car Parking Provision where Apartments exceed Car Spaces

Area	Scheme	Apartment Units	Car Parking Spaces	Schemes with No Street Parking Available	Disc	Free
NOC	15	1,083	547	10	1	4
NIC	3	298	263	1	2	N/a
CC	37	3,818	2,143	4	33	N/a
SIC	17	2,434	1,756	1	16	N/a
SOC	2	276	246	1	N/a	N/a
Total	74	7,909	4,955	17	52*	4

*In one case the disc parking was Monday to Sunday 7 to 24 hours, in two other cases it was Monday to Saturday 7 to 24, in most cases it was Monday to Saturday 7 to 19 hours.

3.10 Waste Management

Table K shows that DCC collects waste in 136 (70%) of schemes. Green waste systems operate in 61% of schemes. Ratings take account of whether the waste management area is covered and secure with access to water so that bins can be washed down, with a floor sloping towards a floor drain.

Table K Waste Management Ratings and Provider Information						
Area	Green Waste		Household Waste		Waste Rating	
	Yes	No	DCC	Other	1-3	4 – 5
Within Canals	42	42	59	25	64	20
Outside Canals	76	33	77	32	56	53
Total	118	75	136	57	120	73
%	61%	39%	70%	30%	62%	38%

3.11 Communal Open Space

Communal open space is a key element in creating quality residential environments. Open space should provide for passive as well as active amenity and also has important ecological/environmental functions. Apart from the suitability of open space for children (Paragraph 3.4), the survey assessed open space to see if it was designed and landscaped to cater for a diverse range of households. Table L seems to indicate that it is more difficult to achieve good maintenance if the open space is not well designed, design is within the remit of the developer rather than the agent or owners.

Table L Rating for Maintenance of Communal Open Space (1-3 not good, 4-5 good)			
Area	1 to 3	4 to 5	Total
Design 1 to 3	71	43	114
Design 4 to 5	8	54	62
Design not rated/open space not evident	17	0	17
Total	96	97	193

3.12 Appearance of Lobby Area

Table M shows the researchers' ratings for lobby areas. Many schemes were found to have high maintenance lobby areas with carpets and impractical wall finishes needing regular and costly refurbishment, repair and maintenance. Such finishes tend to have low capital costs for developers but high ongoing revenue costs for owners.

Table M Rating for Lobby Areas (1-3 not good, 4-5 good)			
Area	1 to 3	4 to 5	All
NOC	19	29	48
NIC	7	9	16
CC	44	34	78
SIC	10	24	34
SOC	4	13	17
Total	84	109	193
%	44%	56%	100%

3.13 Management Rating

Table N gives an overview of the management of schemes. As already indicated, managing agents believe there is a direct connection between effectiveness of management and both location and tenure.

Table N Overall Management Rating (1-3 not good, 4-5 good)			
Area	1 to 3	4 to 5	All
NOC	23	25	48
NIC	3	13	16
CC	48	30	78
SIC	8	26	34
SOC	5	12	17
Total	87	106	193
%	45%	55%	100%

3.14 Mixed Use Schemes

Approximately 21% (40) schemes had a mix of uses (residential and commercial). Of these, 28 are in the city centre and were built after 1986. The rating for management in mixed-use schemes is similar to those for all schemes.

3.15 Noise

External noise was identified as an issue in 89 out of 193 schemes. This mainly related to traffic and commercial activities such as pubs, clubs and fast food outlets near schemes. Most of the schemes affected by external noise were located in city centre schemes.

Managing agents report that internal transmission of noise between floors and apartments is a constant source of annoyance to residents but this is not reflected in the complaints received by the local authority. This could be due to a perception that noise nuisance complaints are difficult to prove and that the success rate in achieving a reduction in noise nuisance is low so people are less inclined to use the formal remedies.

3.16 Contribution of Owners' and Occupiers to Management Difficulties

While there is considerable qualitative research into owners' perceptions of apartment living this has mainly focussed on owner dissatisfaction with regulatory systems, service charge increases, problems with communication, misunderstandings or lack of awareness about the differences between living in a house and living in an apartment. This research identified ways in which owners and occupiers themselves contribute to good or poor management:

- Lack of participation by owners as directors in the Apartment Owners Management Company (more relevant after vesting. Some developers discourage owners from becoming directors prior to vesting. In some recent schemes membership does not apply until after vesting.)
- Non-attendance of members at committee meetings and Annual General Meetings
- Non-payment or late payment of service charges
- Lack of commitment to adequate sinking fund provision.
- Vandalism, anti-social behaviour, litter, graffiti, illegal dumping of non-household waste (evidently perpetrated by both residents and non-residents).

- Residents allowing strangers to enter without checking who they are and what business they might have within the scheme.
- Ignoring or being unaware of house rules
- Ignoring or being unaware of the terms of lease signed at time of purchase
- Non co-operation with the managing agent. Agents report that their staff are subjected to bullying, unreasonable and even threatening behaviour by owners/occupiers. This type of unacceptable owner behaviour is cited by managing agents as the principal reason for the high turnover of staff. The effect of “apartment management consultation fatigue” is having a detrimental effect on the quality of services provided as experienced agents leave the industry to be replaced by young and inexperienced college graduates. The remuneration of managing agents’ staff may also be a factor particularly when the entry level is pitched at college graduates whose expectations of salary and work satisfaction is clearly not being met by their experience in the residential management sector.

3.17 Fire Safety

The surveyors’ visual inspection and estimation of the levels of fire safety is shown in Table O. While the surveyors had training in environmental health and planning they did not have any fire prevention expertise so these judgements should be viewed in this light. An apartment complex should be designed, constructed and managed so that in the event of fire:

- There is a safe means of escape during an emergency
- Exit routes/escape routes are clear and free of blockages

Agents report a lack of clarity about responsibilities for fire safety and prevention in apartment developments. It is unclear who is responsible in the event of fire safety breaches and when a fire safety notice is needed under the fire acts. If the communal areas have not been vested does this indicate that the responsibility remains with the developer despite the developer’s lack of day-to-day involvement in the scheme. In some developments there was no evidence of any fire fighting equipment or evacuation plans (fire drills, assembly points etc) and access for emergency services can be made difficult by gates and electronic access systems.

Table O Fire Safety Ratings (1-3 not good, 4-5 good)			
Area	Total	1 to 3	4 to 5
NOC	48	38	10
NIC	16	13	3
CC	78	58	20
SIC	34	25	9
SOC	17	11	6
Total	193	145	48
%	100%	75%	25%

3.18 Dublin Fire Brigade

Dublin Fire Brigade provided comments in the form of a discussion document in response to the issues raised by the owners, researchers and agents, this is included as Appendix 3.

4.0 Financial Survey

Directors and company secretaries are responsible for filing accounts and failure to file accounts is a serious breach of a director's fiduciary duty to the members i.e. apartment owners. It also results in late filing fees. When the company has been "struck-off" for more than 12 months court costs will be incurred, as part of having it reinstated. A recent High Court case has shown that it is possible for owners to use the Trustee Act 1893 to have the property/communal area vested in a new AOMC where the developer has allowed the Management Company to be dissolved prior to vesting.

As shown in Table P it was impossible to find detailed accounts for all 193 schemes. In 105 schemes income and expenditure accounts were traced. In only 62 cases was it possible to obtain detailed financial accounts for 2004 and 2005.

The financial review raised the following issues:

- lack of sinking funds
- levels of debtors
- Inconsistent treatments
- Inadequate disclosure
- Non-compliance with the companies acts (failure to file, abridged accounts)
- Variations in management fees
- Variations in insurance charges

Table P Financial Analysis of Schemes Surveyed		
Description	Units	Schemes
Management Company not identified	4,427	51
Accounts not filed for 2005 (new schemes)	363	5
Accounts not filed for 2005 (old schemes)	376	12
Last Accounts filed 2003	208	3
Last Accounts filed 2004	932	9
Accounts filed for 2005 (new scheme)	1,396	11
Accounts filed for 2005 not detailed not comparable	528	12
Accounts filed for 2005 Income & Expenditure only	2,338	28
Detailed Accounts filed for 2005 (allowing analysis)	5,236	62
Total	15,804	193

4.1 Income and Expenditure (unit and scheme averages)

Table Q shows that the average service charge per unit is €1,530, with expenditure of €1,495. The difference can be taken as the average annual sinking fund contribution. However some schemes operated deficits, which affects the average i.e. reduces it.

Table Q Income and Expenditure (62 schemes, 5,236 units)			
Description	Total	Scheme Average	Unit Average
Income	€8,009,904	€129,192	€1,530
Expenditure	€7,828,087	€126,259	€1,495
Difference	€181,817	€2,933	€35

4.2 Year-on-Year Expenditure Analysis

Table R provides an overview of the most common expenditure items. It shows that insurance is the most expensive item. On average insurance worked out at 16% of total expenditure for 2005 and this is a significant drop from the 2004 figure of 24%. Total average expenditure increased by 21% but not every item increased by 21%, Table Q shows which items increased and which decreased.

Table R Year-on-Year Expenditure Analysis (2004 and 2005)			
Description	As a percentage of overall expenditure		Change between 2004 and 2005
	2004	2005	
Insurance	24%	16%	- 21%
Electricity	10%	8%	- 4%
Managing agent fees	10%	12%	+ 36%
Other Expenditure	56%	65%	+ 42%
Total Expenditure	100%	100%	+ 21%
Total Income	104%	102%	+ 19%
Difference/Sinking fund	4%	2%	- 31%

4.3 Economies of Scale

Managing Agents believe that economies of scale significantly benefit larger schemes. This assertion is examined in Table S for the 41 schemes which did not have a deficit i.e. where income was greater than or equal to expenditure. The analysis showed that small schemes make savings on security, cleaning and management fees but have higher insurance costs.

Table S Average Expenditure per Scheme (based on 41 schemes with 3,666 apartments)					
Nos Units	1 to 25	26 to 99	100 to 199	200+	All
Average Unit Exp	€1,300	€1,604	€1,372	€1,367	€1,399
Average Income	€1,535	€1,777	€1,474	€1,502	€1,536

4.4 Comparison of Expenditure by Agent

Table T compares unit costs for schemes managed by the six agents who had three or more schemes in the survey.

Table T Comparison of Agents Unit Costs 2005 - 34 schemes 3,253 units						
Description	ODPM	Johnston PM	RF PM	Premier PM	KPM	WYSE
Nos Schemes	3	3	3	5	9	11
Nos Units	236	207	168	175	994	1,473
Total Income	€2,036	€983	€1,363	€1,385	€1,623	€1,729
Annual Expenditure	€1,992	€925	€1,178	€1,815	€1,524	€1,747
Sinking Fund Provision	€44	€58	€185	-€430	€99	-€18

4.5 Comparison of Expenditure Items by Type and by Agent

Table U shows how the owners' money was spent for schemes managed by these agents. The agent with the highest average expenditure per unit is ODPM who spend more on cleaning and refurbishment than other agents.

Table U Comparison of Unit Costs (2005 Accounts figures in Euros)

Description*	ODPM €	Johnston €	RF PM €	Premier €	KPM €	WYSE €
Insurance	339	134	211	170	329	228
Repairs/Maintenance	185	130	390	635	160	294
Cleaning, Janitor	362	157	148	145	229	273
Managing Agent	203	173	137	186	149	197
Electricity*	168	47	90	43	129	135
Waste Disposal	136	101	-	151	127	124
Refurbishment	376	29	-	144	19	61
Misc Expenses	81	35	40	118	91	62
Landscaping	42	25	28	138	100	88
Security Costs	22	33	71	-	75	191
Lifts Expenses	45	26	49	73	64	82
After Hours Service	-	-	-	-	14	5
Emergency Lighting	14	-	-	-	8	-
Gates/Car Park	19	35	14	13	30	7
Total Expenditure	1,992	925	1,178	1,816	1,524	1,747

* Where schemes did not have a particular item the average only took account of the units with that item

* Underground car parks cause high energy costs particularly if they use mechanical ventilation and artificial lighting

4.6 Review of Debtors and Sinking Fund

Cash flow is important to the sustainability of an AOMC since they don't tend to be able to use overdraft facilities. The impact of late or non-payment of service charges on cash flow can quickly become serious and can affect essential services such as insurance, electricity and waste collection. In the long run arrears will be paid when the owner sells, always provided the purchaser's solicitor is made aware of the outstanding arrears by the agent. Arrears can also be deducted from insurance payments when a debtor makes a claim against the policy. But the impact on cash flow when a majority or even a significant minority of owners are late paying or fail to pay at all is critical.

In a recent review the adequacy of sinking fund in a simple scheme was examined, one which did not have CCTV, underground car parking or any water or sewerage pumps. This review found that the sinking fund amount needed for a ten year refurbishment cycle is estimated to be approximately €420 per unit per annum.

Cumulative sinking fund provisions are examined in Table V. While some owners have been putting money aside for future capital works the amount is not sufficient to act as a long term fund on its own i.e. without recourse to special levies. In general the amounts set aside annually towards the sinking fund are a long way short of the recommended unit amount of €350 - €420 per annum over a ten-year cycle.

Table V Review of Debtors and Cumulative Sinking Fund by Agent for 2005 Accounts

Description	Johnston	KPM	OD PM	Premier*	R.F.	WYSE
Annual Sinking Fund	€58	€99	€44	-€430	€185	-€18
Average Debtor	€78	€317	€275	€216	€233	€225
Cumulative Sink Fund	€126	€331	€725	€230	€476	€480

* In the year a sinking fund is spent on refurbishment it is shown as revenue expenditure which can result in income being less than expenditure resulting in a deficit.

4.7 Tenure Analysis

Table W examines the tenure of the schemes surveyed. The figures for private rented were arrived at from the database provided to Dublin City Council by the Private Residential Tenancy Board. Supplementary Welfare (Rent) Allowance (SWA) tenancies should all be registered, but in the case of both NOC and NIC the number registered with the PRTB is less than the SWA figures. Table V has been amended to take account of this by adding 25% to the PRTB figures for both NOC and NIC.

The national housing tenure figures show that the rented/owner-occupied split is 77:23 in favour of owner/occupied. The 23% splits into 18% rented (11% private rented and 7% local authority), with 5% other.

The split in the schemes surveyed is also 77:23.

- Within the 77% of units which are owner occupied 97% were purchased at market price and 3% using affordable and/or shared ownership schemes.
- Within the 23% of units which are rented 79% are market rented, 1% Part V (generally Voluntary Housing) and 20% SWA/RAS (Supplementary Welfare Allowance and Rental Accommodation Scheme)

Table W Analysis of Schemes Surveyed by Tenure - Social Rented								
Location	VHA Public Part V	SWA & RAS	PRTB Est.	Market Rented	Total Rented	AH/ SO	Other Owner Occupier	Total Units
NOC (est. 1/4)	3	75	66(113)	38	116	3	304	423
NIC	0	31	6(62)	31	62	0	24	86
CC	14	71	600	529	614	53	2,195	2,862
SIC	-	3	323	320	323	4	1,039	1,366
SOC	-	58	84	26	84	45	370	499
Total	17	238	1,182	944	1,199	105	3,932	5,236
Rented:Owner/ Occupied					23%		77%	100%
Within Tenure	1%	20%		79%		3%	97%	

VHA - Voluntary Housing Association, SWA - Supplementary Welfare Allocation towards housing costs,
RAS - replaced SWA (Rental Accommodation Scheme)
AH - Affordable Housing
SO - Shared Ownership

4.8 Impact of Deficits/Surpluses on Sinking Fund Provision

Some schemes operate with deficits and this significantly affects average sinking fund provision, Table X reviews the impact of schemes operating with deficits. The accounts can show a deficit in one year because the amount collected in levies in the previous years is not spent in the year it is collected, this accounts for the most of the deficits shown in Table W. But the danger exists that an accumulated sinking fund could be run down by an AOMC to reduce the current year's service charges rather than being used to carry out refurbishment or betterment works.

Table X Average Unit Cost					
Description	Average for Schemes Operating Surplus or Deficits				
	Deficit		Surplus		All
Nos. Units	1,570	30%	3,666	70%	5,236
Nos. Schemes	21	34%	41	66%	62
Income/Service charge	€1,515	88%	€1,536	110%	€1,530
Total Expenditure	€1,719	100%	€1,399	100%	€1,495
Sinking Fund per annum	-€204	-12%	€137	10%	€35

5.0 Combined Physical and Financial Analysis (62 Schemes)

The 62 schemes which had filed accounts for 2005 and 2004 have broadly similar physical characteristics to the other 131 schemes surveyed. However, even within the 62 schemes, not all accounts showed information under all headings. Table Y shows unit costs for grounds maintenance for the 46 schemes which did include financial information under this specific heading. Of the 16 schemes that did not show grounds maintenance as a separate heading in their accounts 12 are in the city centre area. Ten consist of a single block of apartments showing that grounds maintenance is not a significant element of expenditure in those schemes. Spending on maintenance does not seem to affect maintenance quality since schemes with good and poor maintenance ratings spend varying amounts on this item with no obviously discernible pattern. Good initial design seems to be the key to achieving a good long term, well managed and maintained public realm.

Table Y Grounds Maintenance Unit Costs and Ratings			
Average Unit Cost €98	Rating (1-3 not good) (4-5 good)		Total
	1-3	4-5	
Less than Average	11	13	24
Greater than Average	10	12	22
Total	21	25	46

5.1 Expenditure on Electricity/Lighting

Table Z shows the cost of electricity in schemes and whether schemes had lifts and suitable lighting. The cost of electricity is directly related to the number of lifts and the extent of the internal and external areas needing to be lit and the energy efficiency of that lighting. The need for lighting and mechanical ventilation in underground car parks and whether there are pumps for water and sewage also have an impact on energy costs.

Suitable Lighting	Rating (1-3 not good) (4-5 good)		
	Yes (Schemes)	No (Schemes)	No Lift in (Schemes)
Less than G1,000 per scheme	7	2	8
€1,001 to €5,000	18	2	8
€5,001 to €10,000	12	1	1
€10,001 to €30,000	13	2	-
€30,001 to €55,000	5	-	-
Total	55	7	17

5.2 Refuse and Waste Facilities

Refuse and waste management are important aspects of management. Oxigen collects green waste for DCC as part of the overall waste management charge to a scheme. The cost of waste management includes; environmental charges for household waste, recycling costs, removal of illegally dumped items, management of waste area by the sub-contractor including washing down the facility and bringing the bins to the point of collection for green and household waste. The evidence of illegal dumping is based on the costs shown in the accounts for skips and headings such as removal of abandoned cars as well as observation during the physical survey. Table AA shows the ratings and unit costs for waste in the 41 schemes which provided the relevant details in their accounts.

Table AA Waste Management Unit Costs and Ratings			
Average Unit Cost €144	Rating (1-3 not good) (4-5 good)		Total
	1-3	4-5	
Less than €100	7	6	13
€101 to €155	8	2	10
€156 to €300	10	6	16
More than €300	2	0	2
Total	27	14	41

5.3 Average Unit Costs Waste Management identifying those using recycling systems

Table AB shows average unit costs by provider.

Table AB Waste Management Average Annual Unit Costs Per Provider (2005)						
Provider	Type of Waste	Total	Apartments		Schemes	
			Nos	Unit Cost	Nos	Scheme Cost
Non DCC	All Waste	€251,043	1,490	€168	12	€21,627
DCC & Oxigen	Green & Household	€144,366	1,175	€123	17	€8,492
DCC & Other	Green & Household	€94,151	585	€161	3	€31,364
DCC	Household	€114,914	942	€122	9	€12,768
Total	All	€604,474	4,192	€144	41	€14,783

5.4 Drainage

The survey looked at the way schemes were drained and rated them accordingly. The issues examined included: blocked drains, strong odour/smell, blocked surface gullies, down-pipe leading to gullies, and overflow arrangements in general. Most schemes scored well in relation to drainage although it was difficult to judge because the survey was carried out during a comparatively dry summer. The drainage survey ratings relate to the internal system and not the main drainage system in the apartment complex.

5.5 Management Fees

Good management is important to the quality of life of residents. In a mature market good management will improve the capital value of a scheme. Most commentators have focussed on the cost of service charges and have not explored the potential and actual “betterment” or “quality of life” improvements which good management brings to apartment developments. Consequently the importance of good management (including paying for the appropriate type and level of services) is usually underestimated.

The contentious nature of most discussions (including media reporting) about service charges levels is caused by a natural desire by owners to achieve and be seen to achieve value for money, thus the problems identified with poor information in accounts contributes to the nature of the discussions because of the:

- Lack of information in accounts
- Lack of explanation of year-on-year variations
- Lack comparative analysis between schemes.

As mentioned earlier in the report even basic information (such as the address, number and type of units, name of the agent and developer, characteristics of schemes lifts, underground car parking, water and sewerage pumps, CCTV, extent of external areas, height, area of hard and soft landscaping, unusual characteristics fountains, decorative lighting standards, art work) is not provided as standard in the accounts. Some accounts provided a budget for the following period but most did not.

It was difficult to track if there had been a change of agent and impossible to know from the accounts if the level (quality and volume) of services to owners changed from one year to another.

For these reasons this analysis looks at the average levels of expenditure and discusses expenditure on particular items as a percentage of overall expenditure. The accounts showed that management fees were on average 11% of overall expenditure. Showing management fees as a percentage of overall expenditure reflects activity levels.

The Irish Property Facilities Management Association (IPFMA) reviewed residential service charges in 1992 and Table AC compares their 1992 figures with service charges for 2005. The rate of increase in service charges is modest €589 per unit on average. The major increases relate to insurance, cleaning and sundries (mostly waste charges). Administration which includes audit, professional and agency fees is a lower percentage on average in 2005 than it was in 1992. There is also less spending on security, landscaping and lifts. The reduction in spending on landscaping and security is probably not a good thing.

Table AC Residential Service Charges in 1992 & 2005

Expenditure		1992		2005	
Costs which decreased as % of income:					
Administration	Ir£156.27	21%	€198	€244	16%
Energy	Ir£62.66	8%	€80	€120	8%
Security	Ir£64.91	9%	€82	€95	6%
Landscaping	Ir£54.50	7%	€69	€97	6%
Lifts	Ir£42.74	6%	€54	€67	4%
Sinking Fund	Ir£76.79	10%	€98	€35	2%
Cost which increased as % of income					
Repairs/Refurb.	Ir£74.55	10%	€95	€283	19%
Insurance	Ir£90.41	12%	€115	€235	16%
Cleaning	Ir£88.6	12%	€113	€231	15%
Sundries	Ir£29.11	4%	€37	€123	8%
Total	Ir£740.54	100%	€941	€1,530	100%

5.6 Management Fees as % of Overall Expenditure

Table AD shows that 27% of agents charge less than 10% of overall expenditure on their own fees whereas 42% charge between 11% to 15%.

Table AD Analysis of Management Fees as a % of Overall Expenditure

Management Fees as % 2005 Expenditure	Number of Schemes	
Management Fees Not disclosed	9	15%
Less than 10%	17	27%
11% to 15%	26	42%
Over 15%	10	16%
Total Schemes	62	100%

5.7 Representation of Agents in Sample

Table AE shows which agents managed the schemes surveyed in 2005. The table shows that agents with a high percentage of units relative to their percentage for schemes tend to manage larger schemes.

ODPM are one of the bigger agencies, they have three schemes in the survey representing 5% of units and schemes. Premier have 8% of schemes and 3% of units, their respective average scheme size explains this. The overall average size of schemes is 84. Self management is more likely to occur in small schemes than in large schemes.

Table AE Representation of Agents in Sample

Agent	Schemes	% of Schemes	Units	As % of Units	Average Scheme Size
Wyse PM	11	18%	1,473	28%	134
Keenan PM	9	14%	994	19%	110
Premier PM	5	8%	175	3%	35
O'Dwyer PM	3	5%	236	5%	79
R.F. PM	3	5%	168	3%	56
Johnston PM	3	5%	207	4%	69
A to Z PM	2	3%	96	2%	48
Cuala PM	2	3%	288	6%	144
Sky PM	2	3%	85	2%	43
Wallis PM	2	3%	68	1%	34
Others	11	16%	1,175	22%	107
None/Unknown	9	14%	271	5%	30
Total	62		5,236	100%	84

5.8 Insurance Charges in Schemes Surveyed for Year 2005

Insurance charges were examined for 60 schemes for accounting periods ending in 2005, two schemes did not provide data on insurance costs. A significant number of apartment owners (80%) pay less than €300 per annum. The accounts do not provide information about excess claim amounts, reinstatement values or claims history. In a number of cases insurance claims were shown in income and expenditure. Table AF shows details of insurance charges including all costs associated with insurance including claims paid in the year under review i.e. not offset against claims paid that year which might refer to a claim in another year. Claims paid to the AOMC for which part of the claim is for an individual apartment owner appear to be shown as part of income in some schemes and should be taken out of income with an explanatory note in the accounts.

Table AF Insurance Charges in Schemes Surveyed for Year 2005

Total Insurance Expenditure Per Scheme			Insurance Unit Costs Per Apartment		
Range	Schemes	Units	Range	Schemes	Units
€1,700 to €7,000	17	510	€50 to €99	2	135
€7,000 to €15,000	17	914	€100 to €199	24	2,138
€15,250 to €29,000	8	1,120	€200 to €299	22	2,078
€30,000 to €50,000	12	1,033	€301 to €600	11	685
€58,000 to €68,000	6	1,559	€601 to €900	1	100
Total Ins Exp: €1,230,954		Average: €240		Units: 5,136	

5.9 Examination of Schemes with High Unit Insurance Costs for 2005

The schemes with the highest and lowest unit insurance costs were reviewed. Unit costs show the amount of overall expenditure which insurance represents. Table AG shows the schemes with the highest insurance charges per unit per annum.

Table AG Examination of 5 Schemes with High Unit Insurance Costs for 2005

ID of schemes	A (103)	B (114)	C (87)	D (158)	F (180)
Year Incorporated	1978	1998	1998	1994	1998
Number of Apartments	8	100	70	47	100
Lifts in Scheme	N	Y	Y	Y	Y
Area of City	SIC	CC	SIC	CC	NOC
Ins Unit Cost 2005	€563	€476	€455	€567	€661
Ins Exp Per Scheme 2005	€4,500	€47,685	€31,836	€26,661	€66,073
Managing Agent	Unknown	Unknown	Wyse	KPM	KPM

5.10 Examination of Schemes with Low Unit Insurance Costs for 2005

Table AH provides an overview of schemes with the lowest unit costs for insurance. The adequacy of insurance cover is as important as the cost. Issues such as the level of excess per claim, reinstatement value (and what is covered in the event of fire, explosion and/or collapse) and claims history need to be considered when agreeing premium levels. Apart from premium amounts there is also the issue of the levels and types of risks covered. Risks covered could include: structural, lifts, public liability, directors and officers liability, employers liability (gardener, janitor or concierge employed by the AOMC rather than an agent).

Table AH Examination of 5 Schemes with Low Unit Insurance Costs for 2005

ID of schemes	G (189)	H (92)	I (102)	J (136)	K (164)
Year Co. Incorporated	2002	2005	1984	1997	1974
Number of Apartments	101	120	99	56	36
Lifts in Scheme	N	Y	N	Y	N
Scheme Ins. Costs 2005	€11,793	€13,827	€6,286	€6,107	€3,100
Unit Cost of Ins. 2005	€117	€115	€63	€109	€86
Managing Agent	Smith	Petra	Unknown	Wyse	SJS Mge

5.11 Review of Debtors

Total debtors as a percentage of income is an important indicator of owners' engagement with their AOMC. The schemes with arrears are the ones most likely to experience cash flow difficulties that will interfere with service delivery and quality. It could eventually lead to the company becoming struck off if it has not got the money and organisational capacity to engage accountants and auditors to file accounts with the CRO within the prescribed period.

Increases or decreases in debtors from year to year indicate whether a problem is a long-standing one or a recent occurrence. The debtors figure in some accounts shows separate figures for prepayments and arrears of service charges in the notes to the accounts. Where identified the debtors figure used in the research refers only to arrears of service charge.

Debtors are an increasing problem in some schemes, there were 7 schemes in 2004 where debtors represented between 20% and 29% of total income and this rose to 14 schemes in 2005. The number of schemes in excess of 30% dropped from 16% in 2004 to 10% in 2005 which is a positive sign.

5.12 Sinking Fund Provisions

Owners rather than managing agents are responsible for putting aside sufficient funds to build up a sustainable level of sinking fund for major capital repairs in the future. The accounts show reluctance by owners to provide adequately for future capital works. Table AJ shows the extent of cumulative sinking funds provided in the accounts of the schemes surveyed.

Table AJ Cumulative Sinking Funds as % of Total Income 2005

Range	Nos. Schemes	Units
No provision / less than 1%	3	151
1% To 25%	30	2,596
25% To 50%	15	1,336
50% To 100%	12	1,041
More than 100%	2	112
Total	62	5,236

5.13 Developers and Management Ratings

Because the influence of design and construction on management is widely acknowledged, the research looked at management ratings by developer for areas such as lobby, fire safety, waste management and open space. Table N shows the rating for schemes by developer, all the numbers relate to schemes with low ratings i.e. between 1 and 3 out of 5. It shows that there is room for improvement.

Wyse manage 6 of the 7 schemes surveyed which were developed by Cosgraves. Of the 9 schemes surveyed which were developed by Zoe/Danninger 3 are managed by KPM and a fourth one was built by them for DCC and is also managed by KPM.

Of the schemes vested the most consistent transfer of communal areas is in the Cosgrave schemes whereas very few of Zoe/Danninger schemes were vested. Developers use a range of agents and as owners take control they tend to change agents, this usually happens after vesting occurs.

Table AK Relationship between Management Ratings and Developers

Developer	Waste Mge Area	Lobby Area	Fire Safety	Drainage	Open Space	Total Schemes
Zoe/Danninger	7	7	8	3	8	9
Cosgraves	3	3	5	1	2	7
Unknown	13	7	17	1	11	22
Others (1 Scheme)	15	8	19	1	12	24
Total	38	25	49	6	33	62

(In this table ratings were for schemes which received low scores i.e. between 1 and 3 out of 5)

6.0 Update on Recent Developments

Over 60% of housing provision in Dublin in the first three quarters of 2006 was in the form of apartment developments. The private apartment statistics issued by the Department of Environment, Heritage and Local Government show that between 1992 and 2006 (Quarter 1 to 3) there were 69,956 apartment completions. By adjusting for the fourth quarter, estimating how many were built between 1974 and 1991 (using survey ratios) and excluding schemes built prior to 1974 it seems reasonable to assume that there are in the region of 85,509 schemes in Dublin (City and County). The average number of units per scheme in the private apartment developments surveyed is 81. If this average is used there are approximately 1,068 schemes in total in Dublin City and County.

- The Auctioneering/Estate Agents Review Group (Report July 2005), first outlined the problems and need for regulation of managing agents.
- In June 2006, Dublin City Council published a report of which this research and survey is a follow up.
- The next report was by National Consumer Agency (October 2006)
- The Office of the Director of Corporate Enforcement published Draft ODCE Guidance on the Governance of Apartment Owners' Management Companies in December 2006.
- The Law Reform Commission published its Consultation Paper by the Law Reform Commission into Multi Unit Developments in December 2006.
- During 2006 the Minister for Justice set up an implementation group as a precursor to the proposed regulatory system. The group issued General Scheme of Property Services Regulatory Authority Bill 2006 in December 2006.
- In January 2007 Dublin City Council developed a Policy for Taking in Charge Housing Developments. This was in response to the Department of the Environment, Heritage and Local Government's Circular PD106. The Department of the Environment Heritage and Local Government are also reviewing the operational arrangements for Management Companies, particularly those operating in traditional housing estates without apartments.
- The Department of the Environment, Heritage and Local Government published Draft Guidelines on Design Standards for Apartments for Public Consultation on 9th January 2007.
- The recent announcement that local authorities will be entitled to make some of its rented local authority flats available for sale is another reason why Dublin City Council want to ensure that private apartment developments are operating in a sustainable, appropriate and effective manner.
- At a national level the residential managing agents have been meeting as a group and have made presentations to the Law Reform Commission, National Consumer Agency and the Office of the Director of Corporate Enforcement.
- Dublin City Council has been implementing a mentoring scheme to support and advise apartment owners' committees and companies.
- The City Council also proposes to develop a support and information web site for apartment owners and to facilitate the development of an owners forum to speak and represent their interests at national level thus informing regulatory and other policy proposals.

7.0 Findings and Conclusions

Dublin City Council is interested in increasing the sustainability of private apartment developments. It is both a significant investor in the sector and has itself experience of managing apartments (42% of its own rented housing stock is in the form of apartments). Many within the sector are suggesting that the local authority should seek bonds from developers to guarantee the completion of schemes. This is a response to the lack of confidence in the market in the existing system of self-certification. In the context of Section 180 bonds have some merit but unless schemes are designed to be taken-in-charge and have layouts that would facilitate this, a bond system is likely to force the local authority to arbitrate between developers, agents and owners.

Apart from the need to make schemes affordable and improve construction quality through bonds, retention money, milestone inspections or better enforcement of the system of self-certification, it is also important that owners feel that they have the right to manage and make decisions about their property. Currently experts (agents, developers and their lawyers) are making all the decisions thus usurping the rights of owners.

The sense of powerlessness and frustration experienced by owners is rooted in the reality of the flaws/weaknesses in the legal system related to land law and company law. While regulating and licensing of agents will improve the situation, owners also need to be supported to fully take on their role as property owners. The complexity of the legal system and particularly the existing ownership model makes it difficult to achieve this without support.

Chapter 1 Introduction and Background

1.1 Introduction

This research is the second part of Dublin City Council's report Successful Apartment living A Role for Local Authorities in Private Residential Management Companies; Part 1 looked at the strengths and weaknesses of the existing system and made suggestions for improvements. Anecdotal information has dominated discussions about the apartment sector and this research was undertaken to provide quantitative information and to redress the imbalance between quantitative and qualitative information.

1.2 Questions that need to be answered

Apartments are an increasingly important form of housing within Dublin City. The market is relatively immature; most people living in private apartments are the first in their families not to live in houses. Very few schemes have completed a full cycle including refurbishment or have occupiers who have reached retirement age. The industry should however be learning from experience and this research was designed to see if this was reflected in the design, layout and management of schemes. The research divided schemes into those built up to 1986, those built in the period between 1987 and 1997, and those built after 1998. This was to roughly reflect the impact of the first and second rounds of urban renewal schemes. There are a number of inter-related issues that can affect the success of an apartment development. Broadly these are; location, design, construction, management, service charges, behaviour of residents/owners, tenure and how these interact with each other. The issues which were considered in the survey included:

- (a) Impact of design on cost and management
- (b) Prevalence of security measures such as CCTV, 24/7 security guards, janitors, gates and restricted entry systems.
- (c) Average service charges per annum per unit.
- (d) Influence of occupiers' behaviour on effective management
- (e) Tenure mix
- (f) External environment of schemes including location, busy roads and traffic, mix of uses, nearby pubs, clubs, off licences and take-away food outlets.
- (g) Perceptions of personal safety.
- (h) Sustainability including arrears of service charges and sinking fund provision
- (i) Facilities
- (j) Influence of agents and developers

1.3 Structure and Contents of Report

The report is presented in three parts with an executive summary, overview and research conclusions. The 1st part contains quantitative research results of:

- Physical survey of 193 private apartment schemes within Dublin City Council's area
- Financial review of the accounts for 62 of the 193 schemes
- Review of tenure (62 schemes)

The 2nd part of the report is a qualitative review of owners' attitudes and perceptions.

The 3rd part of the report reviews and summarises recent developments

Throughout the report agents' comments are included where they contribute to the discussion or illustrate/explain an issue.

There are three appendices:

- Survey Questionnaire
- Map of schemes surveyed (red dot for schemes included in the financial survey and blue for others) the map also shows area between canals
- Discussion document provided by the Dublin Fire Brigade in response to issues raised in the report about fire safety in apartment schemes.

Chapter 2 Survey Methodology

2.1 Research

During 2006, as part of a review of the private apartment development sector Dublin City Council produced a report entitled Successful Apartment Living. This is the second part of that review and includes both qualitative and quantitative research. The physical survey of 193 schemes was undertaken by six students from a planning and environmental health background who were employed and supervised by the local authority. The qualitative research was undertaken by Rubriques with apartment owners from some of the schemes surveyed. The final stages of the research was a tenure analysis and a financial review of schemes for which accounts were filed for both 2004 and 2005.

2.2 Design of survey

A survey questionnaire was developed and a pilot survey undertaken to test the questionnaire and the survey methodology. The final survey questionnaire is included as Appendix 1. The surveyors evaluated each scheme against predetermined criteria related to:

- Access and car parking
- Building layout, design, facilities and appearance
- Design and management of communal areas
- Maintenance and management including cleaning, personal safety, fire safety, security, noise, drainage and waste management.
- Tenure diversity and external environment including location, non-residential uses within schemes and in adjoining area.
- Age, lifts, number of units, floors and blocks

Given the patchy nature of the quantitative information about the sector it was impossible to source a complete list of schemes from which to select a sample. Despite this the survey of 193 schemes representing 15,804 apartments provides a useful insight into private apartment schemes within Dublin City Council's administrative area and an up-to-date snapshot of the sector. Some areas had higher concentrations of schemes than other areas and this is reflected in the survey.

2.3 Survey Protocol

The following protocols were observed during the survey:

- Only private developments within Dublin City Council's area were included.
- When teams were unable to gain access, the schemes were revisited until access was gained.
- The questionnaire was completed on site and each scheme was photographed.
- Follow up desk research was undertaken to obtain information about schemes which could not be obtained during the site survey including financial and tenure information, as well as details of the apartment owners' management company and the managing agent for the year the accounts were filed.
- Each complex was visited by a team of two people (an environmental health person and a planning person).
- Team members were rotated to achieve and maintain an objective and uniform approach.
- Each postal district was included in the survey.

2.4 Problems Encountered During the Survey

- Gaining access to apartment complexes was sometimes difficult especially in gated schemes in city centre areas.
- For many schemes the physical survey did not provide information about the Managing Agent, Apartment Owners' Management Company (AOMC) or the developer; either no information was displayed in the communal areas or residents said they did not know the names of the agent, developer and/or the AOMC. It was also apparent that there was confusion about the differences between the agent and the AOMC.
- A third problem was the lack of clear accessible information about the number of apartment schemes in Dublin City. There are 4,900 companies registered with the Company Registration Office (CRO) that have some mention of management in their title. The National Consumer Agency report indicated that approximately 300 of these did not relate to residential properties, leaving 4,600 nationally.

A review of the CRO file shows that 1,890 use Dublin registration addresses. However this does not confirm that the company is located in Dublin. There is no unique identifier in the CRO files for Apartment Owner Management Companies (AOMCs). While many companies use the code 70.32 "management of real estate on a fee or contract basis", there is no requirement to use 70.32 and other codes are used by AOMCs and other types of companies can and do use the 70.32 code.

The private apartment statistics issued by the Department of Environment, Heritage and Local Government show that between 1992 and 2006 (Quarter 1 to 3) there were 69,956 apartment completions. By adjusting for the fourth quarter and estimating how many were built between 1974 and 1991 (using survey ratios) and excluding schemes built prior to 1974 it seems reasonable to assume that there are in the region of 85,509 apartments in Dublin (City and County). The average number of units per scheme in the private apartment developments surveyed is 81. If this average is used then there are approximately 1,068 schemes in total in Dublin City and County. On this basis 18% of schemes in Dublin were surveyed.

Chapter 3 Results of Physical Survey

(193 Schemes)

3.0 Introduction

Table 3.0 shows the location of the schemes surveyed by postal district. The schemes are spread over the city but there are less schemes in some areas and this is reflected in the survey results.

Table 3.0 Distribution of Schemes by Postal District							
Dublin North Side				Dublin South Side			
Area	Schemes	Area	Schemes	Area	Schemes	Area	Schemes
1	26	9	14	2	23	10	3
3	23	11	8	4	21	12	3
5	7	13	3	6	11	20	3
7	18	17	2	8	28		
Total North Side 101				Total South Side 92			

Categorisation by postal district did not facilitate comparative analysis so the schemes were split into two further categories (a) within and outside the canals using a definition provided by Geography Department of Trinity College Dublin and (b) five areas consisting of North and South Outer City, North and South Inner City and Centre City. Table 3 (a) shows which DEDs are in the five areas, all the schemes are shown on a map in Appendix 2.

The managing agents have commented on the increased use of centre city schemes for renting and feel that there is a significant difference in how residents of schemes behave where the tenure is largely rented and not owner/occupied.

Table 3(a) Schemes Analysed by DEDs	
Area of City	DED (Location)
North Outer City	Clontarf East & West, Beaumont, Whitehall, Ballygall, Finglas South, Raheny/Greendale, Ballymun
North Inner City	Botanic & Cabra, Phoenix Park
Centre City	North City, Rotunda, Arran, Inns, Ushers & Merchants Quay, Royal Exchange, Mansion House
South Inner City	Pembroke East & West, Rathmines West, St Kevin's
South Outer City	Chapelizod, Crumlin, Kilmainham

3.1 Location, Number Schemes and Number of Units in Schemes Surveyed

Table 3.1(a) shows details of the schemes surveyed including location and size/units. The table shows that of the schemes surveyed 84 schemes were built between 1987 and 1997 and 90 were built since. Most schemes in the city centre have less than 100 units (55 out of 78 schemes). Despite this the average for the City Centre area was 88 compared to an overall average of 82. The larger schemes tended to be on the south side of the city.

Table 3.1(a) Average Number of Units in Schemes Surveyed

Size of Schemes	Canals		Area of City					Total 193 Schemes
	Within	Outside	NOC	NIC	CC	SIC	SOC	
Nos. Schemes	84	109	48	16	78	34	17	193
Apartment Units	7,775	8,029	2,606	1,213	6,850	3,598	1,537	15,804
Ave Units Per Scheme	93	72	54	76	88	106	90	82
1 - 25 units	13	37	19	5	11	10	5	50
26 - 99 units	44	43	21	4	44	12	6	87
100 - 199 units	18	19	7	6	16	5	3	37
200 + units	9	10	1	1	7	7	3	19

As Table 3.1(b) shows 109 of the schemes surveyed are located outside the canals and 84 are located between the canals. This table also looks at the age of the schemes by reference to the year their AOMC was incorporated. The construction of schemes within the canals increased after 1986. Most of the early schemes surveyed were outside the canal areas. The older schemes in NOC are in Clontarf and in all 26 of the 48 NOC schemes are based there. Table 3.1(b) also shows the height and number of blocks in the schemes.

Table 3.1(b) Age and Size of Schemes Surveyed

Age of Schemes	Canals		Area of City					Total 193 Schemes
	Within	Outside	NOC	NIC	CC	SIC	SOC	
1974 to 1986	1	18	10	2	1	5	1	19
1987 to 1997	43	41	14	8	39	19	4	84
1998 to 2005	40	50	24	6	38	10	12	90
Height								
1 to 4	31	86	42	13	31	18	13	117
5 to 9	52	23	6	3	47	15	4	75
10+	1	-	-	-	-	1	-	1
Number of Blocks								
1 to 4	71	86	42	12	68	26	9	157
5 to 9	10	17	4	3	8	5	7	27
10 +	3	6	2	1	2	3	1	9

Managing Agents commented that they are seeing an increasing number of large schemes in Dublin City particularly in regeneration areas. They also believe that small schemes of less than 50 units are more expensive to manage than larger schemes (over 100 units) because they cannot easily avail of economies of scale. Some small schemes are self-managed.

3.2 Scale of Schemes Surveyed

Table 3.2 examines the height and number of blocks in the schemes surveyed. The apartment schemes surveyed tended to be at or below five stories. The survey did not include schemes that were still being built or those where phases were still unoccupied.

Number of Floors	Within Canals	Outside Canals	NOC	NIC	CC	SIC	SOC	Total
2	1	8	7	1	1	-	-	9
3	5	51	26	8	5	10	7	56
4	25	27	9	4	25	8	6	52
5	36	14	5	1	34	7	3	50
6	12	5	1	1	11	3	1	17
7	2	1	-	-	1	2	-	3
8	2	3	-	1	1	3	-	5
12	1	-	-	-	-	1	-	1
Total	84	109	48	16	78	34	17	193

3.3 Lifts in Schemes Surveyed

Table 3.3 shows that there has been an increase in height since 1998. The Department of Environment, Heritage and Local Government (DOEHLG) (Jan 2007) Sustainable Urban Housing, Design Standards for Apartments states that “there is a need to provide two lifts where the apartment building has more than six storeys and serves more than 60 apartments.” The number of units that a lift serves affects the affordability of an apartment development particularly when they need to be replaced. It is important that in measuring sustainability the issue of the cost to owners of maintaining lifts is considered e.g. adding an extra floor reduces unit costs significantly. Managing Agents commented that most lift contractors offer 4 hour turn around on repairs, obviously this is more expensive than contracts with longer turnaround times (particularly for after hours and weekend call outs). It was noted that there were a number of schemes with separate blocks and if the layout of schemes allowed blocks to be connected lifts could be shared. This would reduce the need for lift contracts with expensive 4 hour turnaround time for repairs.

Height/floors	2	3	4	5	6	7	8+	Total
Without Lifts	9	43	15	5	3	-	-	75
1974 to 1986	-	2	2	3	1	-	-	8
1987 to 1997	-	2	15	21	7	2	1	48
1998 to 2005	-	9	20	21	6	1	5	62
Total with Lifts	-	13	37	45	14	3	6	118
Overall Total	9	56	52	50	17	3	6	193

3.4 Locations, Size and Age of Schemes Surveyed

Table 3.4 shows that the most common sized scheme in the survey was between 26 and 99 units and that there are a significant number of small schemes built outside the canals.

Table 3.4 Analysis of Schemes Surveyed by Location and Size

Size	Units	1974 to 1986	1987 to 1997	1998 to 2005	Within Canals	Outside Canals	Total
Extra Small	1 - 25	8	22	20	13	37	50
Small	26 - 99	10	34	43	44	43	87
Medium	100 - 199	2	17	18	18	19	37
Large	200+	-	10	9	9	10	19
Total		20	83	90	84	109	193

3.5 Accessibility of the Built Environment

Within the EU there is a view that at any one time 15-20% of the population have a significant level of disability either temporary or permanent. The accessibility of residential schemes is an important factor in the quality of life of people with disabilities. "Universal Accessibility" refers to the accessibility of the built environment by everyone, regardless of ability (University of Ulster, 2003). The underlying philosophy of Ireland's Part M regulations is that as far as is reasonable and practicable; buildings should be usable by people with disabilities (Building Regulations (2000) Part M "Access for People with Disabilities"). The research looked at disabled access to the communal areas of schemes including:

- (a) Level or gently sloping approaches to complexes with level access at entry doors
- (b) Wider doors and corridors to accommodate wheelchairs
- (c) External environment including car parking, routes, ramps, steps and doors
- (d) Vertical and horizontal circulation including steps, stairs, lifts, corridors and internal doors
- (e) Ease of evacuation including the provision of emergency equipment, alarms, signage, evacuation equipment and plans.

New schemes need to comply with the recent Department of Environment, Heritage and Local Government Best Practice Guidelines for Delivering Homes Sustaining Communities entitled Quality Housing for Sustainable Communities (2007).

Table 3.5 shows that 50% of schemes surveyed were judged not to provide adequate access, of these many were built since 1998.

In this context it is important to note that few apartment developments in Dublin have building supervisors to help manage access. Many developments have gates that present problems to visitors including emergency and waste management providers. Agents commented that they are happy to make arrangements to have automatic gates opened to accommodate emergency services and would arrange for the gates to be opened at agreed times for other services.

Table 3.5 Analysis of Provision for People with Disabilities

Age	Good Provision	Poor Provision	Total
1974 to 1986	6	14	20
1987 to 1997	36	47	83
1998 to 2005	54	36	90
Total	96	97	193

3.6 Suitability of Open Space for Children

The Successful Apartment Living report raised the issue of whether developers were building apartments that are suitable for families with young children and teenagers. This research did not look at the internal layout of apartments but instead concentrated on communal areas. The research considered whether children could use open space in apartment developments safely. This assessment included recognising that children will use car park areas and that it is impossible to effectively restrict this use and that it would probably be unwise to try. Car park design and layout needs to take children into account e.g. visibility around corners, the location of exits and ways to bring about a reduction in driver speed. Table 3.6 shows that open spaces in the majority of schemes surveyed were not seen as suitable for children, this was particularly so of schemes located within the canals.

Three schemes had designated play areas and 9 had crèche facilities although not all were operational (8 were built after 2000). There are some concerns that insurance companies might see play areas as high risk which would affect the level of premiums quoted and even willingness to quote at all. Crèches with less than 40 spaces are not economically viable to commercial or community providers i.e. too small to fund staff costs. In addition the cost to purchase or to rent the space (usually not fitted out) for use as a crèche is too expensive to be attractive to small providers or not-for-profit groups. Developers do not see crèches as community gain they look for market rent or capital prices, this combined with uneconomic size makes them unviable.

Table 3.6 Suitability of Open Space for Children by Area and Age

	Total	Within Canals	Outside Canals	1974 to 1986	1987 to 1997	1998 to 2005
Suitable	50	4	46	6	25	19
Not Suitable	143	80	63	14	58	71
Total	193	84	109	20	83	90

3.7 Gates

There are gates in 136 of the schemes surveyed. Gates occur most often in the north inner city and centre city areas. Gates are a significant visual barrier to unauthorised vehicle and foot traffic; apartment owners reportedly believe that gates are a deterrent to opportunistic crime. From a review of the accounts of the schemes surveyed gates can be relatively expensive to maintain. The main items of expenditure are repairs and replacement motors. Gates are frequently shown in sales brochures as “security” but this is rarely accurate, generally access gates are “vehicular gates”. These can nearly always be “nudged” open by cars driven by residents or visitors. This inappropriate way of opening gates causes the motors to burn out. Sometimes when gates are not provided they are subsequently installed by owners. The design and layout of schemes without gates needs careful consideration e.g. excluding gates at the planning stage is unlikely to be effective. The original design and layout needs to have been for an open scheme. Gates are one of the main reasons why privatised urban governance occurs, since they are seen to signal that the scheme’s external infrastructure (roads, drains, sewer pipes, lighting, landscaped areas etc) is not to become publicly managed/taken-in-charge by the local authority.

3.8 Perceptions of Safety and Lighting

The surveyors rated each scheme for “perceptions of personal safety”. Table 3.8 shows the overall perception for the schemes and also provides information about gates and lighting. While perceptions are inevitably subjective the protocol used in the survey minimised this as much as possible, i.e. the researchers used the same criteria to assess each scheme. Most schemes were judged to have suitable lighting, the assessment took account of the extent to which lighting was sufficient or mostly decorative. Lighting of common areas contributes to perceptions of personal safety. In assessing the suitability of “lighting”, the surveyors considered the number and efficiency of lamps. They also looked at cost factors such as whether lighting was on a timer or sensor system. Systems which activate when there is movement in the area are rarely supplied by developers in internal areas and generally cannot be fitted retrospectively without changing the light fittings. This means that in many schemes internal lights burn 24/7, it is estimated that there could be a 75% saving in energy usage if PIRs were used in internal areas which do not have access to natural light. Table 3.8 indicates that most schemes have suitable external lighting. Some accounts showed testing and maintenance of emergency lighting as a separate item. These tests are important for health and safety reasons and while their exclusion as an item in the accounts does not necessarily mean they are not undertaken, it may well mean that the tests are not carried out by people with the necessary expertise in the area.

Managing Agents report that they frequently have to make lighting more energy efficient. They also believe that outdoor lighting is often not sufficiently robust and that internal light fittings can have short life spans sometimes as little as five years. They also report high energy costs in underground car parks, they believe that if the walls of an underground car park were painted white and the floors sealed properly the car park could be made to feel significantly safer and in addition lighting costs would reduce. In their experience most crime and vandalism happens in underground car parks and there is sometimes reluctance by residents to use underground car parks especially at night. This in turn can lead to problems with parking in communal areas not designed for car parking.

Table 3.8 Factors Affecting Perceptions of Safety in Schemes Surveyed

Characteristics	Within Canals	Outside Canals	NOC	NIC	CC	SIC	SOC	Total
Lighting Suitable	70	95	41	15	65	31	13	165
Gated Schemes	78	58	22	13	72	21	8	136
Perceptions of Safety	65	100	42	16	60	32	15	165
Total Schemes	84	109	48	16	78	34	17	193

3.9 Perceptions of Safety within Schemes

In addition to the overall perception of safety shown in Table 3.8 the researchers looked at different areas within the schemes and judged whether they felt safe. The results are shown in Table 3.9. Underground car parks were regarded as “feeling the least safe”. When the schemes that scored positively for all three perceptions of safety were examined it was found that 115 of them had gates and 51 did not. Only four schemes were judged not to be safe in any of the three areas, and three of these had gates. There were no obvious trends or common characteristics other than location, it is therefore concluded that perceptions of safety are most affected by location. The apartment schemes between the canals tended to score less well for perceptions of safety than suburban areas and the centre city area scored least well.

Table 3.9 Positive Perceptions of Safety within Schemes Surveyed

Area	Communal Areas					% of Schemes where all three areas felt safe
	Open Space	Internal Access	Car Park	All Three	All Schemes	
Within Canals	79	77	68	65	84	77%
Outside Canals	102	107	101	100	109	92%
NOC	42	47	43	42	48	88%
NIC	16	16	16	16	16	100%
CC	73	72	63	60	78	77%
SIC	34	33	32	32	34	94%
SOC	16	16	15	15	17	88%
Total positive rating	181	184	169	165	193	86%

3.10 Access Systems by Type and Area

Table 3.10 shows that 69% of schemes use electronic access systems. Traditional metal locks and keys are expensive to replace when this is necessary because of concerns about security due to lost, stolen or non return of keys by tenants. Electronic access technology systems are seen by agents and owners as the best system for communal doors and gates. Key pad systems are less robust and make it relatively easy for non-residents to gain access. Changing pin numbers is time consuming as well as being a nuisance for residents who have to stay abreast of changes to the code. Access systems (keys, cards or fobs) need to be coded centrally so that they can be decommissioned without affecting the access rights of residents. Replacing access systems sometimes appears as an item of expenditure in accounts including moving from number pad and key systems to centrally controlled electronic access systems; keys, fobs, cards.

Managing agents find that double door entry systems offer most protection against (a) people following others into foyers, they are less likely to pass through a second set of doors and (b) all entry doors are subject to breakage and the second door protects the foyer from unauthorised access while the broken door is being fixed. Agents often arrange the installation of the second door when it is not provided by the developer, (the cost is usually borne by the owners). It also affects energy usage as it improves insulation however the inclusion of additional doors may affect fire safety. Compliance with the fire safety certificate needs to be considered.

Table 3.10 Analysis of Access Systems by Area and Type

Area	Electronic Code Systems	Key Based Systems	Total
NOC	24	24	48
NIC	14	2	16
CC	69	9	78
SIC	19	15	34
SOC	8	9	17
Total	134	59	193

3.11 Access Systems by Age and Type

The findings in Table 3.11 suggest that schemes do switch from key systems to coded systems. Some newer key systems require the consent of the agent before a locksmith will cut a new key and newer systems allow “regular keys” to be commissioned and decommissioned centrally.

Table 3.11 Analysis of Access Systems by Age

Age	Electronic Code Systems	Key Systems	Total
1974 to 1986	10	10	20
1987 to 1997	52	31	83
1998 to 2005	72	18	90
Total	134	59	193
% Total	69%	31%	100%

3.12 Security Systems Observed in Schemes Surveyed

In places with a tradition of apartment living on-site apartment supervision (including caretakers, janitors and building supervisors), is commonly used. Caretakers provide an increased sense of order and safety by promoting house rules. An on-site presence also reduces vandalism and graffiti thus reducing the cost of security and repairs. A basic necessity for a janitor is a space within the complex from which to operate including a WC and kitchen area but also storage space for tools, equipment and consumables such as bulbs and cleaning materials. Table 3.12 shows that 21 (11%) of schemes surveyed operated caretaker systems whereas 62% use CCTV. In 36% of schemes no security system was observed. Despite the absence of security 59 of these 70 schemes were still rated as having good perceptions of personal safety. 24/7 security is expensive and on-site janitors lessen security costs by reducing security shifts to two 8-hour shifts instead of three 8 hour shifts. Apart from reducing security costs on-site personnel improve access control for both visitors and service providers. However, janitors tend to be uneconomical in schemes of less than 100.

Resident caretakers are rare in Ireland. Agents think that the success of caretaker schemes in other countries depends on the resident caretaker seeing the apartment in the scheme as a permanent home.

The provision of living accommodation does not reduce wage costs and even in Ireland when accommodation is provided it is common for caretakers to live off site and only to use the apartment as a base during working hours. For these reasons Janitors tend to be employed to work specific hours and do not live on site.

Agents confirmed that CCTV monitoring was not usual but that in their opinion the presence of CCTV still acted as a deterrent and was useful to prove to landlords that their tenants had been involved in vandalism. Recordings were also useful during police investigations.

Table 3.12 Security Systems Observed in Schemes Surveyed

Area	CCTV	Security Guard	CCTV & Security Guard	Caretaker/ Janitor	No security System Observed
NOC	16	0	0	3	31
NIC	9	1	1	0	7
CC	60	9	8	13	16
SIC	22	1	1	4	11
SOC	12	0	0	1	5
Total	119	11	10	21	70
% of total	62%	6%	5%	11%	36%
Within Canals	65	10	9	13	17
Outside Canals	54	1	1	8	53

3.13 Evidence of Regular Cleaning

In most schemes the surveyors found evidence of regular cleaning but in nearly 1/3rd of schemes cleaning could be improved. Suburban areas tended to fare best. The need to employ window cleaners because windows cannot be opened to allow residents to clean them was raised as an issue by agents. But the survey found that in 85% of cases this was not an issue. In the other 15% of cases hoists were needed to allow the outside of windows to be cleaned. Window cleaning appears as a separate item in some of the accounts examined as part of the financial review. In some cases buildings originally designed for non-residential uses (office blocks) have windows which do not permit cleaning by residents.

Managing agents say that schemes without janitors are usually cleaned one day per week and that this would have influenced the survey outcome. Owners rarely want to pay for more than one weekly clean, but janitors do undertake litter picks during the week.

In addition agents say that centre city schemes can suffer from extreme forms of resident behaviour particularly at weekends and that internal areas often show evidence of discarded take-away food cartons, cans and bottles, vomit, urine and human soil.

Agents pointed out that evidence of cleaning is a management and resident behaviour issue and that poor behaviour can frequently be correlated to the percentage of units in the scheme which are rented to tenants. Table 3.13 shows the surveyors views about whether schemes were clean when surveyed.

Table 3.13 Review of Management based on Regular Cleaning

Area	Yes	No	Total
NOC	37	11	48
NIC	13	3	16
CC	43	35	78
SIC	27	7	34
SOC	14	3	17
Total	134	59	193
% Total	69%	31%	100%
Within Canals	48	36	84
Outside Canals	86	23	109

3.14 Bicycle Storage Facilities

The research reviewed the provision of safe and secure facilities for storing bikes. Table 3.14 shows that appropriate bicycle storage facilities were provided in only 50% of schemes. Managing agents reported that residents carrying bikes to their flats through internal communal areas, increases decorating and cleaning costs for owners. Apart from the cost to owners it is awkward for residents to have to bring bikes indoors because of absent or inappropriate communal storage for bikes.

Table 3.14 Analysis of Facilities for Bicycle Storage in Schemes Surveyed

Location	Secure Storage Provided	Not Provided
Within Canals	44	40
Outside Canals	54	55
Both	98	95

3.15 On-Site Car Parking

Table 3.15 shows that there is a shortage of on-site car parking spaces in private apartment schemes especially in the city centre and south inner city. Despite an excess of car parking spaces in a few schemes the survey found that overall there were 2,353 less spaces than apartments approximately 20%. In areas with high land values underground car parking is common. Underground car parks have expensive ongoing revenue costs for owners due to the cost of 24/7 lighting, security and ventilation (where mechanical ventilation is used).

Generally only owners who purchase a car park space pay for car park costs. One suggestion by agents is that developers should paint the walls of the car park white to reduce the need for artificial lighting and increase perceptions of safety and order. Lighting systems in basement car parks should also be designed to be energy efficient. Lifts to basements and underground car parks should not be located in out-of-the-way places far away from the pedestrian entrances. Perceptions of personal safety should be considered when choosing the location of both lifts, doorways and stairs and should be considered in relation to the lighting systems used too.

Table 3.15 Analysis of Car Parking Provision in Schemes Surveyed

Area	Car Parking Spaces	Apartment Units	Difference	Schemes
NOC	2,199	2,478	-279	46
NIC	1,570	1,213	+357	16
CC	3,619	5,148	-1,529	55
SIC	2,832	3,377	-545	32
SOC	1,443	1,406	+37	15
Total	11,663	13,622	N/A	164
No Data	No data	2,182	N/A	29

3.16 On-Street Car Parking

The extent of the impact of “insufficient” car parking is partly determined by the quality and reliability of public transport in an area. It is also affected by a person’s ability to park on adjoining streets. Most families want to be able to park a car (even if it not used for work and only used at weekends or for supermarket shopping). Table 3.16 looks at the extent that apartment residents who do not have on-site car parking are able to use adjoining streets for parking. There are 74 schemes where apartments exceed car parking spaces, only in 4 schemes can residents avail of “free” on-street car parking, the rest either have no street parking due to traffic restrictions or alternatively the streets have resident disc parking schemes. Apartment residents cannot become part of these schemes.

Table 3.16 Analysis of Car Parking Provision where Apartments exceed Car Spaces

Area	Scheme	Apartment Units	Car Parking Spaces	Schemes with No Street Parking Avail.	Disc	Free
NOC	15	1,083	547	10	1	4
NIC	3	298	263	1	2	N/a
CC	37	3,818	2,143	4	33	N/a
SIC	17	2,434	1,756	1	16	N/a
SOC	2	276	246	1	N/a	N/a
Total	74	7,909	4,955	17	52*	4

*In one case the disc parking was Monday to Sunday 7 to 24 hours, in two other cases it was Monday to Saturday 7 to 24, in most cases it was Monday to Saturday 7 to 19 hours.

3.17 Waste Management

Waste management has been identified as a cost that can be significantly reduced through good management. There are signs of “green” initiatives being implemented. Oxigen in conjunction with Dublin City Council provides green collection services to apartment schemes and there are other green providers operating in the sector too. Where Dublin City Council (DCC) collects household waste the Oxigen service is included in the charge to the scheme. Table 3.17 shows that 70% of schemes use DCC waste collection services. It also shows that 61% of schemes use green waste collection services. The table provides an indication of the quality of waste management which is determined by a combination of the characteristics of (a) the facility (separate, secure, and with wash down facilities) and (b) the quality of the management (rodent control, cleanliness, tidiness and absence of odour). In the City Centre area 76% or 59 out of 78 schemes could be improved.

Table 3.17 Review of Provision of Waste Management in Schemes Surveyed

Area	Green Waste		Household Waste		Waste Rating	
	Yes	No	DCC	Other	1-3	4-5
NOC	29	19	32	16	27	21
NIC	11	5	10	6	10	6
CC	39	39	57	21	59	19
SIC	24	10	23	11	17	17
SOC	15	2	14	3	7	10
Total	118	75	136	57	120	73
Within Canals	42	42	59	25	64	20
Outside Canals	76	33	77	32	56	53

3.18 Contribution of Owners and Occupiers to Management Difficulties

Much of the existing research into apartment living has focussed on owners' perceptions about the lack of regulation, service charge levels and misunderstandings about the difference between living in a house and living in an apartment. It is easier to identify issues than to find indicators to measure owner behaviour/attitudes.

However one example relates to storing items and drying clothes on balconies, these are prohibited in most leases. In many schemes developers supply combined washer/dryers, these are not popular with residents who find that the drum is too small to effectively dry clothes. Consequently residents dry clothes inside or on balconies. Drying clothes inside leads to condensation, and this is exacerbated when residents block vents and do not open windows. The surveyors observed many instances of clothes drying on balconies. Most balconies are designed without any form of visual screening even at low level. Clothes drying and storage of household items on balconies can be regarded as visually untidy but in many cases balconies were too small to use for anything else. The survey found that only 2% of schemes had communal laundry facilities.

This research has identified a number of ways in which owners and occupiers contribute to management issues and difficulties:

- Lack of participation by owners as directors in the Apartment Owners Management Company (more relevant after vesting, some developers discourage owners from becoming directors prior to vesting. In some recent schemes membership entitlement does not apply until after vesting.) In some research a lack of owner involvement is ascribed to owner frustration and their sense of powerlessness. It tends to be a "vicious" circle whereby lack of involvement leads to greater frustration and less involvement and so on.
- Non-attendance by members at committee meetings and Annual General Meetings.
- Non-payment or late payment of service charges contributes to cash flow problems which in turn affects the quality of services which leads to further owner dissatisfaction. Cash-flow is important since most AOMCs do not have access to overdraft facilities.
- Lack of commitment by owners to adequate sinking fund provision can be seen as an indicator that owners do not expect to live in the scheme long enough to benefit from the sinking fund. In some countries owners are expected to make a percentage contribution of the selling price of the apartment to the sinking fund when they sell their apartment.
- Vandalism, litter, graffiti, illegal dumping of non-household waste are all obviously caused by residents not agents. According to agents recordings from CCTV systems show that this is perpetrated by both residents and non-residents, particularly in schemes with high levels of rented tenure. Most leases require that owners ask for permission from the AOMC before using their apartments for renting. Some owners believe that the permission of the AOMC should be made dependent on additional landlord contributions to service charges to pay for janitorial and extra cleaning and maintenance due to the increased damage and increased wear and tear caused by tenants.
- Residents often allow strangers to enter without checking who they are and what they want.
- Ignoring the house rules made by the board of directors acting for the members including those related to noise, use of waste areas, use of open space, prohibitions on parties after certain hour and in some cases prohibitions about outdoor cooking, sunbathing, walking on grass etc. Regardless of how bizarre the house rules are, they are the house rules which the complex have adopted as a community through their board of directors and they should either be changed or heeded and not just ignored as is often the case at present
- Ignoring the terms of the lease that the owners signed when purchasing (pets, balconies, use of car parking, payment of service charges, seeking permission of the management company prior to renting apartment etc.)
- Non co-operation with the managing agents appointed by the directors.

Managing agents are expected to sort out internal disputes and rows over noise and other disruptive behaviour.

They believe that they should have a limited role in relation to making and enforcing house rules and that their role in relation to the enforcement of the terms of the owners lease should also be limited. They believe that their role is to communicate the rules to the occupiers on behalf of the board of directors and while they can initiate a dialogue they are not responsible for non-compliance by residents either owner /occupiers or tenants.

Agents want the PRTB to allow agents as employees of the corporate body to make complaints on behalf of the owners/residents about tenants, so that individual owners do not become involved in a neighbour disputes. However the remit of the PRTB does not affect owner/occupier behaviour and neither is it a police matter unless a crime is involved. Most breaches of house rules and/or leases are not police matters, breaches of house rules should be dealt with by the AOMC. Their range of remedies is limited in the case of owners; the only remedy is a civil legal action either by the AOMC or by the individual affected.

3.19 Drainage Rating

Table 3.19 provides a view of drainage in the schemes surveyed, given that it was an extremely dry summer it was hard to predict accurately how the drainage systems surveyed cope with wet weather conditions. The drainage survey ratings relate to the internal system and not the main drainage system in the apartment complex.

Table 3.19 Summary of Rating for Drainage in Schemes Surveyed

Area	Rating (1 Not Good to 5 Very Good)				
	1 Not Good	2	3	4	5 Very Good
NOC	0	0	0	8	40
NIC	0	1	1	2	12
CC	3	4	5	12	54
SIC	0	1	2	5	26
SOC	0	0	0	2	15
Total	3	6	8	29	147
Within Canals	3	4	7	12	58
Outside Canals	0	2	1	17	89

3.20 Design and Maintenance of Communal Open Space

Communal space is a key element in defining the quality of a residential environment and has important ecological and environmental functions as well as its role as passive and active amenity space. The research laid emphasis on the quality of the open space. The criteria against which open space was assessed included the design of open space and whether it was visually as well as functionally accessible to the maximum number of dwellings/people within the development. Open space was also assessed to determine whether it was regarded as mostly a “visual” amenity. Management ratings took into account the appearance of the communal areas. Table 3.20 shows the design and maintenance ratings for the external areas of schemes. Landscaping quality was assessed on the basis of intensity and diversity of planting and also the quality and layout of hard landscaping. In the survey 29 schemes received low ratings for the design of communal open space. In 21 of the 29 cases ratings for maintenance were also low which seems to indicate that management can rarely make up for poor initial design i.e. in only a few cases did schemes with low ratings for design get good management ratings. No scheme with a design rating of 1 got a maintenance/management rating of 5. But where the design was rated as 5 the maintenance rating was usually good too.

Table 3.20 Ratings for Design & Maintenance of Open Space incl Landscaping

Design Rating	Rating (1 not good to 5 good)					Mnt	Total
	Mnt	Mnt	Mnt	Mnt	Mnt		
Design 5	-	-	1	-	11	12	
Design 4	1	1	5	22	21	50	
Design 3	3	4	18	19	9	53	
Design 2	5	10	7	8	2	32	
Design 1	21	2	1	5	-	29	
Design not rated or open space not evident	10	5	2	-	-	17	
Total	40	22	34	54	43	193	

3.21 External Appearance rating

The criteria for rating the external appearance of schemes included quality and materials used in finishes. Rendering and the use of large expanses of glass are known by the industry to add to the cost of management and maintenance. The proximity of external walls and windows to traffic and to passers-by also affects external appearance. Table 3.21 shows the surveyors assessment of the external appearance of schemes.

Table 3.21 Summary of Ratings for External Appearance in Schemes Surveyed

Area	Total	1 Not Good	2	3	4	5 Very Good
NOC	48	-	3	10	14	21
NIC	16	-	-	1	5	10
CC	78	7	7	13	29	22
SIC	34	-	1	7	9	17
SOC	17	-	-	1	7	9
Total	193	7	11	32	64	79
Within Canals	84	7	7	14	30	26
Outside Canals	109	-	4	18	34	53

3.22 Appearance of Lobby Area

Table 3.22 shows the researchers rating for the maintenance and design of lobby areas. Many schemes have “high maintenance” lobby areas with carpets and impractical wall finishes needing regular and often costly maintenance. Only 22% (42 schemes) were given the top rating for lobby area appearance - most schemes in the Centre City were rated 3 out of 5.

Table 3.22 Appearance of Lobby Area in Schemes Surveyed

Area	1 Not Good	2	3	4	5 Very Good
NOC	1	1	17	20	9
NIC	0	2	5	7	2
CC	4	5	35	19	15
SIC	0	2	8	11	13
SOC	0	0	4	10	3
Total	5	10	69	67	42
Within Canals	4	5	36	21	18
Outside Canals	1	5	33	46	24

3.23 Management Rating

Table 3.23 gives a view of the overall management of schemes. Most schemes in the City Centre were rated 3. Schemes in the South Inner City were largely rated 4 or 5 and those in the North Outer City were generally rated 3 or 4.

Table 3.23 Review of Ratings for Management in Schemes Surveyed

Area	Maintenance Rating (1 not good to 5 very good					Total
	1	2	3	4	5	
NOC	-	6	17	16	9	48
NIC	-	-	3	10	3	16
CC	8	13	27	18	12	78
SIC	-	1	7	13	13	34
SOC	-	-	5	10	2	17
Total	8	20	59	67	39	193
Within Canals	8	13	28	20	15	84
Outside Canals	-	7	31	47	24	109

Table 3.23(a) looks at how the 62 schemes included in the financial survey were rated for management based on which managing agent was employed.

Table 3.23(a) Review of Ratings for Management by Agent

Rating Agent	Maintenance Rating (1 not good to 5 v good)					Total
	1	2	3	4	5	
Wyse	-	-	-	6	5	11
KPM	1	2	3	2	1	9
Premier PM	-	1	-	2	2	5
ODPM	-	-	1	1	1	3
RF Property Management	-	-	1	1	1	3
Johnston Property Mge	-	2	-	1	-	3
A to Z Property Mge	-	1	-	1	-	2
Cuala Property Mge	-	-	1	1	-	2
Sky Property Mge	-	-	1	-	1	2
Wallis Property Mge	-	-	-	-	2	2
Self Managed	-	-	-	-	1	1
Single Scheme per Agent	1	-	5	5	2	13
Unknown or No agent	1	2	1	1	1	6
Total	3	8	13	21	17	62

3.24 Land Use

The survey determined the number of schemes in the survey that were solely residential and how many had a mix of residential and commercial uses. Most mixed schemes were located in the City Centre. Table 3.24 shows that 23% of units and 20% of schemes have a mix of residential and non-residential uses.

Table 3.24 Analysis of Schemes by Land Use and Area

Area	Maintenance Rating (1 not good to 5 very good)			
	Mixed Schemes	Units in Mixed Schemes	Residential Schemes	Units in Residential Schemes
NOC	1	165	47	2,441
NIC	1	70	15	1,143
CC	28	1,931	50	4,919
SIC	8	1,175	26	2,423
SOC	2	222	15	1,315
TOTAL	40 (20%)	3,563 (23%)	153 (80%)	12,241 (77%)

3.25 Analysis of Mixed Use by Age and Management Rating

The mixed schemes in the City Centre were built between 1987 and 2005. Table 3.25 shows that the mix of uses does not appear to affect management ratings one way or the other; almost 50% of the mixed-use schemes were rated good or very good, the percentage for all schemes was 55%.

Table 3.25 Review of Ratings for Management in Schemes with Mixed Uses (40)

Area	Maintenance Rating					
	1 - 3	4 - 5	1974-1986	1987 - 1997	1998 - 2005	Total
NOC	1	-	-	-	1	1
NIC	1	-	1	-	-	1
CC	15	13	-	13	15	28
SIC	2	6	-	5	3	8
SOC	-	2	-	1	1	2
Total	19	21	1	19	20	40

3.26 External Noise

Noise pollution is defined as unwanted sound and the effect of persistently high noise levels on other residents. Noise nuisance is noise which is loud, continuous, or repeated and of such pitch or duration or occurring at such times that it gives a person reasonable cause for annoyance. In 1994, the Minister for the Environment, Heritage and Local Government (DoEHLG) addressed this problem by introducing regulations under the Environmental Protection Agency (EPA) Act, 1992. This states that any individual person, or a local authority, may complain to a District Court seeking an Order to deal with noise nuisance.

The survey investigated the level of external noise in the schemes surveyed and looked at the record of complaints about noise, it found that there were very few complaints.

Agents report that noise complaints (internal and external) are among the most frequent complaints they receive. Complaints include noise from external communal areas and internal noise travelling between apartments due to insufficient noise insulation.

According to the managing agents the low levels of official complaints is related to the sense of futility that people feel about complaining to the police or the local authority. This is because in the existing system for abating noise pollution, it is unlikely that the authorities will be able to catch the noise polluters in the act and therefore there is a tendency not to make a complaint. Table 3.26 shows the type and extent of potential external noise pollution from outside the scheme. This applies to 89 schemes and most of these are located in the city centre area.

Table 3.26 External Noise Affecting Schemes

Characteristics	Canals		Area of City					Total
	Within	Outside	NOC	NIC	CC	SIC	SOC	
Busy Road	44	32	14	9	40	8	5	76
Fast Food Outlets	6	2	-	1	6	-	1	8
Construction	11	7	-	1	9	5	3	18
Pubs/Nightclubs	15	3	1	1	13	2	1	18
External Noise	51	38	14	9	46	12	8	89
Complaints to Local Authority	6	-	-	-	6	-	-	6

3.27 Fire Safety

Apartment developments should comply with fire safety requirements to ensure that the building does not collapse in the event of fire, and that smoke, gas, or flames cannot pass from room to room. Design, construction and management should allow people to escape safely in the event of fire and should also be accessible by the fire services, ('Fire Services Act, 1981 and 2003' and 'Building Control Act 1990'). This includes adequate and appropriate fire fighting equipment, fire alarms, fire hydrants, and fire hose reels (to enable a connection to an immediate pressurised and constant water source). In some developments there was no evidence of any fire fighting equipment and access by emergency services could be made difficult because of gates and access systems. An apartment complex should be designed, constructed and managed so that in the event of a fire there:

- Is a safe means of escape during the emergency to a place of safety outside the building which is capable of being safely and effectively used
- Should be nothing blocking or preventing the use of exit routes/escape routes.

In general every person in charge of a premises is obliged to have an emergency plan outlining how people can leave the premises in a safe manner during an emergency evacuation.

However it is apparent that there is a lack of clarity about responsibility for fire safety and prevention in apartment developments including provision and maintenance of equipment, emergency plans and evacuation procedures. It is unclear among those in the sector if responsibility applies to apartments in the same way as it does to non-residential developments. It is also unclear who is responsible in the event of fire safety breaches where there is a need to serve notices under the Fire Acts i.e. are individual owners (owner/occupiers) and landlords (where the units are rented) responsible. Should a notice be served on each individual or has responsibility passed to their appointed directors. Again is this the responsibility of an individual director or all the directors as a corporate body. If the communal areas have not been vested does this indicate that the responsibility remains with the developer i.e. who owns the property/communal areas. This may not be practical because the developer may no longer have any beneficial interest or influence over how the property is managed i.e. cannot insist on evacuation so that remedial works can be undertaken or management systems improved even if required to do so by a notice issued by fire services.

The surveyors' visual inspection and estimation of the levels of fire safety is shown in Table 3.27. The surveyors had training in environmental health and planning but they did not have any fire prevention expertise so these judgements should be considered in this light. Despite this caveat there should be concern that so few schemes were rated 4 or 5.

Agents are concerned that there have been so many false fire alarms in apartment schemes that residents tend not to react to them any longer. The replacement of smoke detectors in kitchen areas with heat detectors might help. Evacuation drills are routinely ignored and consequently tend not to be held anymore and there is also a lack of clarity about whether residents should be advised to remain in their apartments if a fire starts rather than trying to evacuate the building. Finally agents report that there is no consistency in the provision of fire extinguishers, some developers provide them and in some cases they are vandalised and not replaced or replenished i.e. if they are sprayed maliciously, especially if this happens more than once. Agents are also concerned that the Fire Safety Certificates relate to design drawings not "as built drawings". They would like advice and information about best practice in relation to fire safety from a management perspective as well as clarity about roles and responsibilities.

Table 3.27 Analysis of Fire Safety Rating Observed in Schemes Surveyed

Area	Total	1 Not Good	2	3	4	5 Very Good
NOC	48	10	12	16	9	1
NIC	16	4	4	5	3	0
CC	78	22	14	22	14	6
SIC	34	6	9	10	7	2
SOC	17	6	3	2	5	1
Total	193	48	42	55	38	10
Within Canals	84	22	15	25	16	6
Outside Canals	109	26	27	30	22	4

3.28 Dublin Fire Brigade

Appendix 3 includes a report from Dublin Fire Brigade, the following is their summary of the issues. “The attached report (Appendix 3) looks at areas where there is difficulty in ensuring proper ongoing management of fire safety features in buildings. Most of the issues covered arise with all building types, but apartments have additional difficulties as there is uncertainty about the nature of the responsibility because the development is in multiple ownership and despite having a single management company belonging to the apartment owners, this company is not in legal control of the common areas and structure until after vesting occurs.

Currently, if enforcement action is required regarding fire safety deficiencies in an apartment building, a 'scatter gun' approach is taken whereby all identifiable entities are served with Fire Safety Notices including landlords/individual owners. However, individual owners are often at a loss as to how to deal with the notice as they are only vaguely aware of the 'management company/agent' and would not expect to be directly responsible for putting matters right. The management company itself (representing the individual owners) is often not well organised and may be unsure of its role. This lack of clarity makes enforcement action difficult for all concerned and is probably unfair on the majority of apartment owners who find themselves in this position.

The recommendations in Appendix 3 suggest how management companies should be set up and controlled and identifies the fire safety issues for which they should be responsible. Refuse storage, equipment testing and maintenance, alterations to the building are all areas of concern. The competency of managing agents in dealing with the fire safety issues they are contracted to deal with is also mentioned. The management arrangements in multi-use buildings can be quite complex.

The fire authority's report goes through all the structural, equipment and procedural arrangements that are covered by fire safety legislation. Bodies involved in drawing up recently published reports may not have been aware of the range and complexity of fire safety measures, and it is intended that this report will assist by providing clarification. “

Chapter 4 Financial Survey (62 Schemes)

4.0 Introduction

Most apartment schemes use either a company limited by shares or a company limited by guarantee as the legal vehicle which allows the owners to own and manage the communal areas. Of the schemes surveyed 88% were companies limited by guarantee and 12% were limited by shares. These companies are known as Apartment Owners' Management Company (AOMC). Most schemes employ a managing agent to run the complex on a day-to-day basis using service charges paid by owners.

4.1 Factors Determining Cost of Service Charge

The factors which determine the level of service charge include items such as:

- Dwelling type
- Design and layout
- Nature of boundaries
- Standard of finishes
- Insurance (premiums, claims excess and history, cover and unusual characteristics)
- External areas
- Internal areas
- Internal Finishes
- Windows and Doors
- Waste Management Arrangements
- Lighting systems/Energy Efficiency
- Building Use and Abuse
- Janitor/Concierge Systems
- Owners' Aspirations
- Professional Fees including Managing Agents' Fees
- Sinking Fund Provision

4.2 Managing Agent Services

The Managing Agent working for the Apartment Owners' Management Company will typically offer the following services:

- **Legal and Corporate Services**
This includes: safeguarding and administering the title documentation and legal title requisitions such as dealing with arrears of service charges owed by owners selling apartments, answering queries from prospective purchasers, keeping members details up to date, servicing the board of directors including AGMs and EGMs, keeping minutes and records and filing returns. This can include taking on role of company secretary, maintaining health and safety documentation and ensuring compliance with fire safety. Compliance with Residential Tenancy Act 2004, Fire Services Act 1981 and Occupier Liability Act 1995, Waste Management and Litter Pollution and Data Protection etc.
- **Financial Management**
This includes: Working out and agreeing the service charge budget and apportioning it in line with the terms in the lease. Providing for a sinking fund including analysis of requirements. Invoicing and collecting service charges, arrears management and taking legal action as necessary, applying interest to accounts in arrears in compliance with terms of lease. Maintaining bank accounts, managing cash flow, day-to-day accounting, financial record keeping, income and expenditure reporting. Arranging for the annual audit and liaising with auditors.
- **Insurance Management**
This includes arranging for building surveys and valuations for insurance purposes, determining and obtaining agreement to the scope of cover required which can include fire and standard perils, public liability, employers liability, lift engineering, directors and officers liability. Following this process of valuation and assessment of need a competitive tendering process is applied and rates agreed with appropriate provisions for minimum excess and exclusions. Once the insurance is in place agents administer the policy and note owners and mortgagor interests, and undertake policy management and administration of claims.

- **Buildings Maintenance**

Building maintenance includes (a) property maintenance services (common area cleaning including window and carpet cleaning, grounds and landscape maintenance and waste management) (b) mechanical and electrical services (lifts servicing and maintenance, sewage and water pumps, fire safety systems, access systems including intercom systems, lighting and energy management including generators, vehicular and pedestrian gates and security systems including CCTV) (c) reactive repairs and renewals as necessary. These services are in addition to property maintenance services. Property maintenance services include lighting, signage, making good building vandalism (graffiti/stains, soils) looking after mat wells, letterboxes, locks and access, (d) refurbishment programmes are undertaken which include painting and decorating, carpet replacement and betterment works (e) building maintenance includes contractor management, (supervision procurement and payment), (f) most owners want an after-hours service for emergencies, (g) schemes need regular health and safety inspections, (h) in some cases janitor or caretaker management is needed and (i) there is an ongoing need for agents to become involved in house rules management and compliance with terms of leases in relation to the use of common areas and apartments.

- **Communication and Administrative Services**

These types of services include contacting, organising and managing owners' meetings (in addition to board meetings, agents often establish committees of owners with a view to engaging them in day-to-day management issues), many agents use newsletters, websites and provide circulars about issues which arise including budget statements but also changes in arrangements or updates on progress in resolving difficulties with water, television cabling, phones etc. As well as annual meetings with owners (AGMs and EGMs) agents are also in daily contact with owners dealing with phone calls, emails and letters. The topics often relate to breaches of house rules by other occupiers. Finally, agents provide a document storage service for owners so that as built drawings, and building certificates and other documents (including legal documents) to do with the apartment owners management companies are safeguarded and able to be passed on to another agent or viewed by auditors if necessary.

4.3 Physical Survey

The survey examined 193 apartment schemes comprising 15,804 apartments. The researchers tried to find accounts for all these schemes, as well as the names of the managing agents' and the AOMCs. Table 4.3 shows that 142 AOMC were located but that only 62 could be used for financial analysis because detailed accounts had not been filed for 2005 for all schemes.

Late or non-filing of accounts is a common reason why an AOMC is struck off by the Company Registration Office. Given the importance of the AOMC to owners it is a concern that so many had not filed their 2005 accounts by the end of 2006/early 2007. Apartments or houses cannot be sold in schemes where the AOMC has been struck off, i.e. the title becomes unmarketable when the management company ceases to exist. Cash purchasers may choose to ignore the risk to the title but lenders will not lend to purchase an apartment in a development with a flawed or unmarketable title.

Directors and company secretaries are responsible for filing accounts and failure to file accounts is a serious breach of the board's fiduciary duty to its members (apartment owners). At best it results in late filing fees and in company restoration fees. At worst if a company is struck off for more than 12 months High Court Costs will be incurred by the owners.

Table 4.3 Financial Analysis of Schemes Surveyed

Description	Units	Schemes
Management Company not identified	4,427	51
Accounts not filed for 2005 (new schemes)	363	5
Accounts not filed for 2005 (old schemes)	376	12
Last Accounts filed 2003	208	3
Last Accounts filed 2004	932	9
Accounts filed for 2005 but new scheme so not detailed)	1,396	11
Accounts filed for 2005 income & expenditure not disclosed	528	12
Accounts filed for 2005 only income & expenditure disclosed	2,338	28
Detailed Accounts filed for 2005 (6 limited by shares, 56 limited by guarantee)	5,236	62
Total	15,804	193

4.4 Income and Expenditure

Income generally refers to service charges although in a number of the surveyed schemes there was evidence of income from other sources:

- Swimming pool
- Laundry
- Car park
- Levies for refurbishment
- Insurance claims
- Separate waste charges.

Income should exceed expenditure in the financial accounts. When income exceeds expenditure this surplus is the contribution to the sinking fund provision for that year. The deficit or surplus in the income and expenditure account is usually transferred to reserves in the balance sheet, which in an AOMC equates to the sinking fund provision.

In the year in which the sinking fund (reserve) is being used for refurbishment or when a special levy is raised one year and spent in a later year the expenditure figure will exceed income that year and the accounts will show a deficit. In several schemes expenditure exceeded income. When an explanation was sought from the AOMC through the agent it was explained that expenditure in those years included the disbursement of the levy collected in the previous years. The levy had been necessary because of the inadequacy of the sinking fund. The sinking fund should only be used for refurbishment or capital works. The fund should not be used to offset a deficit, this should be handled in subsequent years as an increased charge. Otherwise the sinking fund would be depleted to keep the service charge artificially below the cost of maintaining and managing the scheme. The accounts do not provide clarity to owners/purchasers about the adequacy of sinking funds in schemes. It is not evident if the account is low because it has been used up recently or if it is low because it is proposed to use a levy system to fund capital works instead of a realistic sinking fund system.

In general sinking funds are not shown as a line item in audited accounts. Budgets do tend to provide for sinking funds and some accounts included the budget for the next period in their annual accounts. Most leases require owners to provide for a sinking fund and some leases require that a sinking fund is included in audited accounts. There is rarely any provision in a lease that allows the substitution of a levy system for a sinking fund.

The managing agents have calculated that even a relatively simple scheme without lifts or underground car parks needs a figure of between €350 to €420 per unit annually to be able to maintain a ten year cycle. The existing average of €35 (Table 4.6) is clearly inadequate.

4.5 Analysis of 62 Accounts

Of the 90 schemes for which income and expenditure figures were traced it was only possible to obtain detailed financial accounts for 2004 and 2005 in 62 schemes. Table 4.6 below, provides an overview of the location of these schemes. There are 5,236 apartments in 62 schemes giving an average scheme size of 84

Table 4.5 Schemes Analysed by Area (62 schemes 5,236)

Area of City	Schemes	Units	DED (Location)
North Outer City	9	423	Clontarf East & West, Beaumont, Whitehall, Ballygall, Finglas South, Raheny/Greendale
North Inner City	2	86	Botanic & Cabra, Phoenix Park
Centre City	32	2,862	North City, Rotunda, Arran, Inns, Ushers & Merchants Quay, Royal Exchange, Mansion House
South Inner City	14	1,366	Pembroke East & West, Rathmines West, St. Kevins
South Outer City	5	499	Chapelizod, Crumlin, Kilmainham
Total	62	5,236	(Average scheme size 84 units)

4.6 Detailed Account Information

Table 4.6 shows that on average expenditure is in the region of €1,495 with an average income of €1,530 per apartment per annum. The average does not take account of apartment size (i.e. apportionments are usually based on area or on the number of bed spaces). Schemes with large footprints will have more extensive landscaping especially if there are a number of blocks set in landscaped grounds. On the other hand schemes with smaller footprints tend to use underground car parks which are more expensive than the surface car parks used in areas where land prices do not justify the capital costs of underground car parking.

Average service charges disguise variations in security, insurance premiums, number of lifts and energy efficiency of lighting. In addition while the difference between income and expenditure is the average provision for sinking funds there are some accounts among the 62 which had a deficit for 2005 thus reducing the true average.

Table 4.6 Income and Expenditure (62 schemes, 5,236 units)

Description	Total	Average Per Scheme	Average Per Unit
Income	€8,009,904	€129,192	€1,530
Expenditure	€7,828,087	€126,259	€1,495
Difference (sinking fund)	€181,817	€2,933	€35

4.7 Year on Year Comparison of Expenditure

Table 4.7 provides a year-on-year comparison of overall expenditure and expenditure on major items including insurance, repairs, maintenance and refurbishment, management agent fees and electricity.

Table 4.7 Year on Year Comparison of Expenditure

Description	2004	2005	2005 less 2004		2004		2005	
					As % of Exp		As % of Exp	
Insurance	€1,549,008	€1,230,954	-€318,054	-23%	24%	16%		
Electricity/Energy	€656,567	€630,712	-€25,855	-2%	10%	8%		
Managing Agent	€758,677	€866,205	€107,528	8%	12%	11%		
Cleaning/Janitor	€952,836	€1,211,562	€258,726	18%	15%	15%		
Repairs/Refurb	€950,119	€1,242,633	€292,514	21%	15%	16%		
Other	€1,548,471	€2,646,021	€1,097,550	78%	24%	34%		
Total Expenditure	€6,415,678	€7,828,087	€1,412,409	100%	100%	100%		
Total Income	€6,676,026	€8,009,904	€1,333,878	94%	104%	102%		
Sinking Fund	€260,348	€181,817	-€78,531	-6%	4%	2%		

4.8 Analysis of Expenditure

There are a number of key variables which impact on service charge levels. Table 4.8 provides an overview of the most common budget items. It shows that the one of the most expensive items of expenditure is insurance. Insurance includes lift insurance as well as structural and public liability. It could also include directors and officers' liability insurance. On average insurance works out at 16% of the total expenditure for 2005, a significant drop from the 2004 figure of 24%. The next most significant item of expenditure is repairs and maintenance also at 16%, cleaning/janitorial services follows at 15%.

Table 4.8 Analysis of Expenditure by type (62 schemes)

Description	Expenditure		Description	Expenditure	
	2005	%		2005	%
Insurance	€1,230,954	16%	Security Costs	€494,810	6%
Repairs & Maintenance	€1,242,633	16%	Refurbishment	€238,321	3%
Cleaning, Janitor	€1,211,562	15%	Lifts Expenses	€350,856	4%
Waste Management	€604,474	8%	Emergency Lights	€12,851	1%
Misc Expenses	€410,939	5%	Gates /Car Park	€76,700	1%
Managing Agent	€866,205	11%	Ground Management	€428,872	5%
Electricity	€630,712	8%	After Hours Service	€28,198	1%
Total Expenditure	€7,828,087	100%			
Total Income	€8,009,904	102%	Debtors	€1,253,131	16%
Annual Sinking Fund	€181,817	2%	Cummulative Sinking Fund	€2,343,498	29%

Table 4.8a Analysis of Income by type (Unit cost and %)

Description	Expenditure	%
Insurance	€235	16%
Repairs & Maintenance	€283	19%
Cleaning, Janitor	€231	15%
Sundries	€123	8%
Admin	€244	16%
Energy	€120	8%
Security	€95	6%
Lifts	€67	4%
Landscape	€97	6%
Sinking Fund	€35	2%
Total Income	€1,530	100%

Sundries - waste, energy, after-hours
Administration - management fees, miscellaneous
Landscaping - grounds, gate/carpark

4.9 Average Unit Costs

Table 4.9 separates schemes which in 2005 had a deficit from those which either broke even or had a surplus. The effect is to increase the sinking fund contribution from an average of €35 to €137. This is still far short of the €350 - €420 which managing agents believe is the appropriate level. The service charge levels for schemes operating with surpluses and those operating with a deficit - it is expenditure rather than income which is higher in the schemes which operate at a deficit in particular the cost of repairs, maintenance and refurbishment. This makes sense in the context of earlier findings and comments about using sinking funds for refurbishment.

Table 4.9 Average Unit Cost of Schemes with deficits and surpluses (2005)

Description	Deficit	Surplus	All	As % of Expenditure		
				Deficit	Surplus	All
Nos. Schemes	21	41	62	34%	66%	100%
Nos. Units	1,570	3,666	5,236			100%
Insurance	€226	€239	€235	13%	17%	16%
Repairs & Maintenance	€330	€198	€237	19%	14%	16%
Cleaning/Janitor	€275	€213	€231	16%	15%	15%
Waste	€104	€120	€116	6%	9%	8%
Miscellaneous Expenses	€85	€76	€78	5%	5%	5%
Managing Agent	€208	€147	€165	12%	11%	11%
Electricity	€135	€114	€120	8%	8%	8%
Ground Maintenance	€63	€90	€82	4%	6%	5%
Security Costs	€55	€111	€95	3%	8%	6%
Refurbishment	€115	€16	€46	4%	1%	3%
Lifts Expenses	€86	€59	€67	5%	4%	5%
After Hours Service	€5	€5	€5	1/2%	1/2%	1/2%
Gates/Car Park	€25	€10	€15	1%	1%	1%
Emergency Lighting	€7	€1	€3	1/2%	1/2%	1/2%
Total Expenditure	€1,719	€1,399	€1,495	100%	100%	100%
Service Charge/Income	€1,515	€1,536	€1,530	88%	110%	102%
Annual Sinking Fund	- €204	€137	€35	-12%	10%	2%
Average Debtors	€335	€199	€239	19%	14%	16%
Total Sinking Fund	€386	€474	€344			

4.10 Economies of Scale

Managing agents believe that economies of scale benefit larger schemes, the results of the financial survey did not support this view. Table 4.10 shows the average unit cost by reference to the number of units in a scheme. In order to understand the way costs operate a more detailed analysis was undertaken. This showed that several small schemes did not have a figure for managing agency fees and there were also 21 schemes operating with a deficit in 2005.

Table 4.10 Average Expenditure per Scheme

	X Small	Small	Medium	Large	All Units
Schemes	11	33	13	5	62
Units	177	1,833	1,767	1,459	5,236
Average Unit Exp	€1,805	€1,451	€1,575	€1,416	€1,495
Average Unit Income	€1,623	€1,481	€1,626	€1,462	€1,530

4.11 Management Costs

Table 4.11 looks at the cost of service charges by management type, generally smaller agencies and self-managed schemes work out less expensive. However it is important to remember that the work undertaken by the agent must be done by the owners themselves in self-managed schemes. The amount, expertise and experience required is often underestimated by owners when contemplating moving towards self-management. Sometimes one or two owners are left to do the work on a voluntary basis which results in a cost reduction for the other owners but a lot of extra work for the volunteers, this is usually not sustainable in the long run. Having said this when it works it seems to provide a very satisfactory outcome for owners who are able to work together to share the work between them. Management agents fees vary from 10% per unit to 19% per unit, with the majority paying 11%.

Table 4.11 Expenditure Costs by Management Type

	Schemes & Units	Scheme Cost	Unit Cost	Unit Income	Mge Fee as % of Unit Cost
No Agent or Unknown Agent	7 290 (6%)	€404,490	€1,395	€1,442	N/A
Agents 1 Scheme in Survey	13 1,156 (22%)	€1,383,120	€1,196	€1,264	€151 (13%)
Other Agents (Multiple Scheme)	42 3,790 (72%)	€6,040,477	€1,594	€1,618	€174 (11%)
Total	62 5,236	€7,828,087	€1,495	€1,530	

4.12 Comparison of Expenditure Items by Type and by Agent

Table 4.12 shows how owners' money is spent. Items described in one set of accounts as repairs and maintenance can be described in another set of accounts as refurbishment. Cleaning, waste disposal and grounds maintenance can also be combined in some accounts.

Miscellaneous or sundry expenses are usually a small amount of money but for the purpose of the survey items are combined and referred to as miscellaneous including items in the accounts described as administration, professional fees, AGM room hire, fees for auditors, accountants, and solicitors, postage, debt collection and stationery.

Grounds maintenance varies in relation to the size of the landscaped area and while this is compensated for when unit costs are used it is also possible that high density schemes may have less open space than schemes with a lot of separate buildings in landscaped grounds. Car parking, gates and security costs are not shown as a separate item in all accounts.

There is a wide variation in the cost of insurance. Low insurance charges should be as much of a concern as high unit insurance costs although for different reasons. Insurance charges reflect reinstatement value not market value. They are affected by claims history, unusual features or materials as well as the level of excess per claim. If the excess is higher than the cost of most repairs e.g. water ingress, then the owners' right to compensation will be limited.

Table 4.12 Comparison of Agents Average Unit Costs (2005)

Description	Other	AZ PM	CPM	JPM	KPM	OD PM	P PM	RF PM	SKY PM	Wallis PM	Wyse
Insurance	183	291	235	134	329	339	170	211	204	242	228
Insurance %	15%	23%	22%	14%	22%	17%	9%	18%	8%	12%	13%
Repair/Refurb	201	323	105	159	179	561	779	390	133	728	355
Cleaning, Janitor	162	133	229	157	229	362	145	148	1,150*	22	273
Waste Mge	112	136	32	101	127	136	151	-	232	187	124
Misc	99	38	41	35	91	81	118	40	110	105	62
Agent Fee	142	121	102	173	149	203	186	137	266	300	197
Agent Fee %	11%	10%	10%	19%	10%	10%	10%	12%	10%	15%	11%
Electricity	117	107	73	47	129	168	43	90	276	113	135
Grounds	62	61	153	25	100	42	138	28	-	264	88
Security	80	-	-	33	75	22	-	71	-	-	191
Lifts	61	47	81	26	64	45	73	49	156	-	82
After hours	2	-	-	-	14	14	-	-	-	-	5
Emer. Lighting	3	-	-	-	8	-	-	-	-	-	-
Gates Car Park	12	-	10	35	30	19	12	14	8	-	7
Expenditure	1,236	1,257	1,061	925	1,524	1,992	1,815	1,178	2,535	1,961	1,747
Sinking Fund	63	108	76	58	99	44	-430	185	123	-44	-18
Income	1,299	1,365	1,137	983	1,623	2,036	1,385	1,363	2,658	1,917	1,729
Schemes	28	2	2	3	9	3	5	3	2	2	11
Units	1,446	96	288	207	994	236	175	168	85	68	1473

4.13 Review of Agent Unit Costs for Centre City Schemes

As Table 5.21 shows all agents manage schemes in the City Centre area. The unit costs of city centre schemes are shown in Table 4.13 these schemes should be relatively similar given that they are all located in the centre city.

Table 4.13 Comparison of Unit Costs in City Centre for 32 (2005 Accounts figures in Euros)											
Description	OD PM €	W PM €	J PM €	RF PM €	P PM €	K PM €	Wyse €	A-Z €	Cuala PM €	Sky PM €	Other €
Insurance	339	266	134	224	147	315	198	263	268	204	201
Repairs/Refurb	561	892	159	297	87	187	426	406	93	133	219
Cleaning	362	48	157	296	104	290	354	172	261	1,150	170
Managing Agent	203	412	173	156	100	164	232	117	94	266	126
Electricity	168	144	47	80	33	109	147	105	79	276	120
Waste Mge	136	331	101	-	104	48	115	167	-	232	145
Misc. Expenses	81	106	35	36	31	100	84	42	40	110	55
Grounds	42	108	25	-	7	98	68	-	162	-	36
Security Costs	22	-	33	142	-	100	53	95	100	156	125
Lift Expenses	45	-	26	99	23	61	100	-	-	-	85
After Hours	14	-	-	-	-	10	6	-	-	-	3
Emergency Lights	-	-	-	-	-	11	-	-	-	-	6
Gates/Car Park	19	-	35	27	25	31	12	-	13	8	16
Total Expenditure	1,992	2,307	925	1,357	661	1,524	1,795	1,367	1,110	2,535	1,307
Schemes	3	1	3	1	2	5	5	1	1	2	8
Apartment	236	30	207	84	81	466	595	48	219	85	811
	* WPM – Wallis PM			JPM – Johnston PM			PPM – Premier PM				

4.14 Review of Debtors and Sinking Fund by Agent

(a) Debtors

Agents collect service charges for their clients and the management of cash flow and the collection of service charges is an important aspect of their work. In the long term non-payment of service charges can be sorted out when the owner sells and the money collected from the vendor's solicitor or by offsetting insurance claims from those in arrears (possible because the insurance policy is in the name of the AOMC not the individual owner). However because very few AOMC have overdraft or credit facilities late or non-payment of service charges impacts quickly on essential services such as insurance, electricity and waste collection. When leases allow payments by installments it is not possible to pursue arrears or charge interest until the final month or quarter's payment has been missed

The debtors figure in some accounts shows separate figures for prepayments and arrears of service charges. The review takes account of this where this level of detailed information is provided in the notes to the accounts. Agents could target serious debtors through legal channels but this is expensive, listing debtors by name or apartment in the accounts is effective and ensures that in the event of a sale the arrears are collected. But sometimes owner-directors on boards are reluctant to authorise agents to pursue arrears this way.

(b) Cumulative Sinking Fund

Table 4.14 shows information about sinking funds by agent. The responsibility for putting money aside rests with the AOMC but agents advise their clients about the amounts to be set aside for future capital works. The average amount of money set aside annually is small compared to what is considered reasonable by agents i.e. between €350 - €420 for a relatively simple scheme. The average cumulative amount of sinking fund shown in Table 4.14 provides further evidence that there is little sustainability in relation to sinking funds and that most schemes will have to rely on levies to finance major capital works in the future.

Table 4.14 Review of Debtors and Cumulative Sinking Fund by Agent for 2005 Accounts

Description	A-Z PM €	Cuala PM €	Johnston PM €	KPM €	OD PM €	Premier PM €	RF PM €	SKY PM €	Wallis PM €	Wyse €
Total Expenditure	1,257	1,061	925	1,524	1,992	1,815	1,178	2,535	1,961	1,747
Total Income	1,365	1,137	983	1,623	2,036	1,385	1,363	2,568	1,917	1,729
Annual Sinking Fund	108	76	58	99	44	-430	185	123	-44	-18
As % of Income	8%	7%	6%	6%	2%	-31%	14%	5%	-2%	-1%
Cumulative Sink Fund	748	738	126	331	725	230	476	449	385	480
Average Debtors	210	282	71	317	275	215	233	301	229	225
Debts as % of Income	15%	25%	7%	20%	15%	16%	17%	12%	12%	13%
Schemes	2	2	3	9	3	5	3	2	2	11
Units	96	288	207	994	236	175	168	85	68	1,473

4.15 1992 Service Charges Report (IPFMA)

In 1992 the Irish Property Managers Association (now known as The Irish Property and Facilities Management Association) carried out research into service charge levels for office developments, shopping centres and apartments. The research stated “The data shown relates to the annual service charges paid by apartment owners per annum. The sample covered 75 blocks of apartments, 32 of which were greater than 35 apartments and 43 of which were smaller than 35 apartments. All figures shown are averages, which of their nature disguise considerable differences in costs between buildings, as can be seen varying as they do from IR£300 p.a. to €1,250 p.a. Service costs for residential apartment units are averaging IR£740.54 per apartment unit per annum.” The rate of increase in service charges is modest from €941 in 1992 to €1,530 in 2005. The major increases relate to insurance, cleaning and sundries (mostly waste charges). Administration which includes audit, professional and agency fees is a lower percentage on average in 2005 than it was in 1992. There is also less spending on security, landscaping and lifts. The reduction in spending on landscaping and security is probably not a good thing.

Table 4.15 Residential Service Charges in 1992 & 2005

Expenditure	1992		2005*		
Costs which decreased as % of income:					
Administration*	Ir£156.27	21%	€198	€244	16%
Energy	Ir£62.66	8%	€80	€120	8%
Security	Ir£64.91	9%	€82	€95	6%
Landscaping	Ir£54.5	7%	€69	€97	6%
Lifts	Ir£42.74	6%	€54	€67	4%
Sinking Fund	Ir£76.79	10%	€98	€35	2%
Costs which increased as % of income:					
Repairs/Refurb	Ir£74.55	10%	€95	€283	19%
Insurance	Ir£90.41	12%	€115	€235	16%
Cleaning	Ir£88.6	12%	€113	€231	15%
Sundries	Ir£29.11	4%	€37	€123	8%
Total	Ir£740.54	100%	€941	€1,530	100%

* Figures from Table 4.8(a)

4.16 Schemes Surveyed by Developer

Developers have a fundamental impact on management including ongoing revenue costs and the ease with which a scheme is managed. The influence of the developer is felt in the design, quality of construction, and choice of materials and finishes and the impact of economies of scale on annual unit costs. Table 4.16 looks at the schemes surveyed by developer. Apartments built by Cosgraves and Zoe/Danninger each represent 21% of units surveyed. A further 36% were built by developers with either one or two schemes each, developers for the balance (22%) could not be identified.

Table 4.16 Location of Schemes Surveyed by Developer (62 Schemes)

Developer	NOC	NIC	CC	SIC	SOC	Schemes	Units
Zoe/Danninger	-	-	7	-	2	9	1,186
Cosgraves	-	-	3	4	-	7	1,070
Unknown	8	1	8	2	3	22	1,004
Others	1	1	14	8	-	24	1,976
Total	9	2	32	14	5	62	5,236

4.17 Schemes Surveyed by Developer

The provision of secure bicycle storage, access for disabled persons and facilities for children is fundamental to encouraging families to see apartments as homes for life. Table 4.17 looks at the provision of these by developer for the schemes surveyed.

Table 4.17 Facilities in Schemes Surveyed by Developer (62 Schemes)

Developer	Appropriate Bicycle Facilities Provided	Open Space is Suitable for Children	Disabled Access is Adequate	Schemes
Zoe/Danninger	5	-	8	9
Cosgraves	6	2	6	7
Unknown	12	10	9	22
Others	14	7	14	24
Total	37	19	37	62

4.18 Schemes Surveyed by Developer

The survey showed that management ratings were affected by quality of management, owner behaviour (including level of service charges and participation of owners in decision making) but that initial design and construction had important impacts on ongoing management. Table 4.18 looks at the ratings given to schemes by developer. The table shows schemes, which did not score well i.e. 1 to 3 out of 5. In all 29 out of 62 schemes were given poor ratings for waste management. Whereas most schemes scored well for drainage since only 7 are shown in Table 4.18 as receiving a low rating.

Table 4.18 Management Ratings for Schemes						
Developer	Waste Mge Area	Lobby Area	Fire Safety	Drainage*	Open Space	Total
Zoe/Danninger	7	7	8	3	8	9
Cosgraves	3	3	5	1	2	7
Unknown	13	7	17	1	11	22
Others	15	8	19	1	12	24
Total	38	25	9	6	3	62

Analysis only shows schemes with ratings between 1 and 3 out of 5 (i.e Not Good)

* The drainage survey ratings relate to the internal system and not the main drainage system in the apartment complex.

4.19 Schemes Surveyed by Developer

Table 4.19 looks at the issue of personal safety and characteristics which might be expected to influence personal safety like lighting, gates and CCTV. In general perceptions of personal safety were good and only the car park areas caused concerns.

Table 4.19 Perceptions of Personal Safety & Issues of Security in Schemes Surveyed by Developer (62 Schemes)					
Developer	Poor Sense of Personal Safety in Car Park	CCTV	Gated Scheme	Lighting Not Suitable	Schemes
Zoe/Danninger	2	6	8	1	9
Cosgraves	-	6	6	1	7
Unknown	5	14	11	4	22
Others	2	18	20	1	24
Total	9	44	45	7	62

4.20 Schemes Surveyed by Developer

Developers use a range of agents and as owners take control after vesting (and sometimes beforehand) they tend to change agents. Because there has been much speculation in the media that there are links between agents and developers the research examined this. Agents point out that most schemes have been managed by a number of agents since they were developed. Table 4.20 shows that:

- Wyse manage 6 of the 7 schemes surveyed which were developed by Cosgraves.
- KPM manage 4 of the 9 schemes which were developed by Zoe/Danninger (although 1 of these was developed for DCC)

The influence of design and construction on management is widely acknowledged. Ratings for management in areas such as lobby, drainage, open space and waste management were examined by reference to developer. Table 4.20 shows the number of schemes which were rated between 1 and 3 (5 being a good rating). The other 31 schemes got ratings of 4 or 5.

Table 4.20 Agents and Developers by Schemes						
Developer Total	KPM	RF PM	Wyse	ODPM	Premier	Others
Zoe/Danninger (9)	4*	1	-	1	1	2
Cosgraves (7)	1	-	6	-	-	-
Unknown (22)	1	1	1	-	-	20
Others (24)	3	1	5	2	4	9
Total (62)	9	3	11	3	5	31

*One was built for DCC

4.21 Schemes where Communal Areas have been Vested by Developer

In the financial survey the schemes with owner-directors were identified and it was found that all the schemes developed by Cosgraves, had been vested, but only three of Zoe/Danninger's schemes had been vested.

4.22 Schemes Surveyed by Developer

There is a linkage between capital and revenue costs and Table 4.22 examines costs of insurance, repairs, maintenance and refurbishment as well as energy costs by developer, and shows that there is significant variation in costs across schemes.

Table 4.22 Schemes with above average annual unit costs by Developer					
Developer	Energy	Insurance	Repairs Management & Refurb.	Expenditure	Total
Average	€120pu	€235pu	€283pu	€1,495pu	
Zoe/Danninger	4(1)	3(2)	2(0)	4(0)	9
Cosgraves	1(0)	3(0)	2(0)	2(0)	7
Unknown	6(2)	7(1)	4(5)	9(0)	22
Other	3(2)	12(1)	7(3)	7(1)	24
Total	14(5)	25(4)	15(8)	22(1)	62

(Figure in brackets is where costs are double the average)

4.23 Analysis of Tenure

Table 4.23 examines the tenure of the schemes surveyed. The figures for private rented were taken from the database provided to Dublin City Council by the Private Residential Tenancy Board. The number of tenancies registered is less than the numbers known to be in receipt of SWA and RAS (both are income support subsidies for private rented tenancies). The figures were adjusted to correct their incompatibility with SWA figures for North Outer City and North Inner City.

Approximately 77% of units are owner occupied (3% of which are affordable/shared ownership). This means that 23% of units are rented, this is the same as the national average for owner occupation. The split within the rental sector is 20% SWA/RAS, 1% social rented housing (mostly voluntary housing from Part V agreements), and the balance 79% is market rate private rented.

Table 4.23 Analysis of Schemes Surveyed by Tenure – Social Rented

Location	Part V	SWA & RAS	PRTB (Est)	Market Rented	Total Rented	AFH/ SO	Other	Total Units
NOC (est 1/4)	3	75	66(113)	38	116	3	304	423
NIC	0	31	6(62)	31	62	0	24	86
CC	14	71	600	529	614	53	2,195	2,862
SIC	-	3	323	320	323	4	1,039	1,366
SOC	-	58	84	26	84	45	370	499
Total	17	238	1,182	944	1,199	105	3,932	5,236
Overall Tenure					23%		77%	100%
Detailed	(1%	20%		(79%)		(3%	97%)	

VHA – Voluntary Housing Association, SWA – Supplementary Welfare Allowance
 RAS – replaced SWA (Rental Accommodation Scheme) AF Affordable Housing,
 SO-Shared Ownership:Part V units purchased from developers as part of planning requirement.

Chapter 5 Combined Physical and Financial Survey Including Tenure Analysis

5.0 Introduction

It was not possible to find detailed financial information for all the schemes surveyed. There were a number of reasons for this:

- (a) New schemes which did not need accounts for 2004 and 2005.
- (b) Older schemes which were late filing accounts for 2004 and 2005.
- (c) Schemes had filed abridged accounts or had filed accounts that did not provide detailed income and expenditure accounts.
- (d) The Apartment Owners' Management Company could not be identified.

The financial analysis was confined to the 62 schemes for which detailed income and expenditure accounts were filed. It is acknowledged that the elimination of schemes that had not filed accounts will make the situation look better than it is because the better organised schemes will not have missed their filing dates.

5.1 Locations and Age of Schemes

The distribution of the 62 schemes is shown on a map as Appendix 2, marked red. Table 5.1 shows that the distribution of the schemes in the financial survey is similar to that of the physical survey.

Table 5.1 Information for 62 Schemes for which Detailed Finance Information was Found

Characteristics	Canals		Area of City					Total 62 Schemes
	Within	Outside	NOC	NIC	CC	SIC	SOC	
Age of Schemes								
1974 to 1986	-	7	4	-	-	3	-	7
1987 to 1997	20	5	1	1	17	6	-	25
1998 to 2005	15	15	4	1	15	5	5	30
Height of Schemes								
1 to 4 floors	17	20	7	2	17	7	4	37
5 to 10 floors	18	7	2	-	15	7	1	25
10 floors+	-	-	-	-	-	-	-	-
Size of Schemes								
1 to 25 Units	5	6	2	-	4	4	1	11
26 - 99 Units	19	14	6	2	19	4	2	33
100 - 199 Units	8	5	1	-	6	5	1	13
200+ Units	3	2	-	-	3	1	1	5
Comparison with Full Survey								
Financial Survey	35	27	9	2	32	14	5	62
Units	3,131	2,009	423	86	2,862	1,366	499	5,236
Total Schemes	84 (43%)	109 (57%)	48 (25%)	16 (8%)	78 (40%)	34 (18%)	17 (9%)	193
% Total Schemes	42%	25%	19%	13%	41%	41%	29%	33%

5.2 Characteristics

Table 5.2 shows a number of key characteristics of the schemes in the financial survey and compares these to the outcome for the physical survey.

Characteristics	Overall	Canals		Area of City					62
		Within	Outside	NOC	NIC	CC	SIC	SOC	
Storage for Bicycles	98	23	15	3	1	21	10	3	38
Disabled Access	96	25	12	4	-	22	6	5	37
Suitable for Children	50	3	15	5	2	3	7	1	18
Schemes have Lifts	118	28	17	4	-	25	12	4	45
Crèche on Site	9	1	-	-	-	1	-	-	1
Windows allow self clean	163	31	23	8	2	28	11	5	54
Clothes drying on balconies	58	14	4	1	-	13	2	2	18
Mixed Use	40	16	2	-	-	16	2	-	18

5.3 Car Parking

Table 5.3 shows the results for car parking from the overall survey and the financial survey. In the physical survey, 74 schemes had less car spaces than apartments. The figure is higher in the financial survey where 23 schemes have no car parking, 39 of the 62 have access to street parking. In 37 of these schemes this relates to streets with disc parking. Usually apartment owners cannot avail of residents' disc parking schemes. Parking spaces are often sold separately and some owners do not purchase a space. In addition some households have more than one car.

Characteristics	Overall	Canals		Area of City					62
		Within	Outside	NOC	NIC	CC	SIC	SOC	
Less Car Parking than Apartments	74	32	18	6	2	30	9	3	50
On-Street Disc Parking	99	26	12	2	1	22	10	2	37
On-Street Free Parking	18	0	2	1	-	-	-	1	2
No On-Street Parking	76	10	13	6	1	10	4	2	23

5.4 External Noise

External noise pollution occurs most frequently in the City Centre as shown in Table 5.4. Despite agents' reports that there are significant problems with internal noise complaints, the Environmental Health Complaints system for noise does not bear this out.

Table 5.4 External Noise Affecting Schemes

Characteristics	Overall	Canals		Area of City					62
		Within	Outside	NOC	NIC	CC	SIC	SOC	
Busy Road	76	25	5	3	1	24	1	1	30
Fast Food Outlets	8	4	1	-	1	4	-	-	5
Construction	18	4	2	-	-	4	1	1	6
Pubs/Nightclubs	18	8	2	1	1	7	1	-	10
External Noise	89	26	7	3	1	24	3	2	33

5.5 Open Space Design and Maintenance Ratings

Table 5.5 shows the maintenance ratings for open space and compares these to ratings for the design of open space. These findings support the view that schemes with well designed open space tend to score well for maintenance of open space too. The survey found that it is rare for schemes with poor design ratings to score well on maintenance. Apart from quality of design, maintenance is affected by the amount of money owners allocate to landscaping. The quality of workmanship has also an important influence. As Table 5.5 shows that 21 of the schemes that were given 4 or 5 for design also got 4 or 5 for maintenance.

Table 5.5 Design & Maintenance of Open Space (including Landscaping)

Design Rating	Maintenance Rating (1 not good to 5 good)					Total
	1	2	3	4	5	
Design = 5	-	-	-	-	3	3
Design = 4	-	-	3	6	12	21
Design = 3	1	2	4	5	1	13
Design = 2	2	4	-	2	1	9
Design = 1	7	-	1	1	0	9
Design not rated, no open space	4	3	-	-	-	7
Total Scheme	14	9	8	14	17	62
Overall Total	40	22	34	54	43	193

5.6 Open Space Maintenance Ratings

Not all 62 schemes in the financial survey had accounts that showed information on all headings and some costs were grouped in accounts e.g. cleaning, refuse and grounds maintenance. Of the 17 schemes for which grounds maintenance costs were not available 13 were in the City Centre area and 10 of these consisted of a single block, so it is likely that grounds maintenance was not a major item for them and was included under another heading. Table 5.6 shows that there was an average annual spend of €98 on ground maintenance in the 46 schemes showing it as a separate item. Logically schemes with bigger landscaped areas should spend more per unit than schemes of high density with small footprints.

Table 5.6 Grounds Maintenance Costs

	Total Cost	Schemes	Scheme Cost	Units	Unit Costs
No Information		16		870	
Grounds Maintenance Costs	€428,872	46	€9,323	4,366	€98
Total		62		5,236	

5.7 Space Maintenance Costs V Open Space Ratings

Of the 46 schemes 54% or 25 schemes were rated good and awarded 4 or 5. Many schemes which were given a rating of 4 or 5 had relatively low spending on open space maintenance.

Table 5.7 Space Maintenance Costs V Open Space Maintenance Rating

Description (amount spent per annum per unit on average)	Rating 1 - 3 (21 schemes)	Rating 4 - 5 (25 Schemes)	Total
Greater than €5 (5% of average) less than €25 pu pa	3	1	4
Greater than €25 (25% of average) but less than €50 pu pa	4	5	9
Greater than €50 (50% average) but less than €98 pu pa	4	7	11
Greater than €98 (average) but less than €196 pu pa	6	8	14
Greater than €196 (average x 2) but less than €294 pu pa	1	2	3
Greater than €294 (average x 3) but less than €392 pu pa	0	2	2
Greater than €392 (average x 4)	3	0	3
Total	21	25	46

Total expenditure: €428,872, Average = €98 p.u., Units = 4,366

5.8 Security and Perceptions of Safety

Table 5.8 provides information about perceptions of personal safety and the characteristics likely to affect these perceptions. Some schemes that were gated were given poor ratings for safety while some schemes with good ratings were not gated. It seems that gates are used in areas where there are already concerns about safety and that in areas where there is less concern gates make no difference.

Table 5.8 Perceptions of Personal Safety and Security

Characteristics	Overall	Canals		Area of City					
		Within	Outside	NOC	NIC	CC	SIC	SOC	
Characteristics	193								62
Gated Development	136	32	18	5	1	29	11	4	50
Lighting Suitable	165	30	25	7	2	28	13	5	55
Security Guards	11	3	-	-	-	3	-	-	3
Caretaker/Janitor	21	6	4	-	-	6	3	1	10
CCTV Present	119	27	18	5	2	25	9	4	45
Electronic Access System	134	32	16	5	2	30	9	2	48
No security system observed	70	8	8	4	-	71	4	1	16
Perception of Safety <small>Open Space</small>	181	34	25	8	2	31	14	4	59
Perception of Safety <small>Communal Space</small>	184	34	26	9	2	31	14	4	60
Perception of Safety <small>Car Park</small>	169	30	24	8	2	27	14	3	54
Fire Safety Rating 1 to 3	145	26	22	8	2	24	11	3	48
Fire Safety Rating 4 to 5	48	9	5	1	-	8	3	2	14

5.9 Expenditure on Gates and Car Parks

Table 5.9 shows that spending on gates and car parks can be significant. Cost for gates and car parks are often combined. Sometimes the cost of gates is shown as part of landscaping/ground maintenance. On average 1% of total spending is on gates and car parks, this increases to 2% when schemes showing them as a separate item in the accounts are considered in isolation.

Spending on gates varies from less than €1,500 per year to over €6,000 per scheme per year; the average scheme cost is €3,068. The unit cost varies from less than €31 per unit per annum to over €248 per unit per annum. According to agents promotional apartment sales literature often incorrectly describe gates as security instead of vehicular.

Table 5.9 Costs of Gates in 25 Schemes (Units 2,498)

Unit Costs			Scheme Costs		
Greater than	Less than	Nos Schemes	Greater than	Less than	Nos Schemes
-	€31	15	-	€1,500	9
€31	€62	6	€1,500	€3,000	6
€62	€124	2	€3,000	€4,500	4
€124	€186	1	€4,500	€6,000	3
€186	€248	1	€6,000	-	3
Average €31		25	Average €3,068		25

Total cost €76,700 Average scheme €3,068 Average units €31

5.10 Expenditure per Scheme on Electricity/Lighting

The main items influencing electricity costs are lighting (internal and external), pumps and lifts. Well laid out energy efficient lighting reduces energy costs particularly in indoor areas and underground car parks where painting the walls white is known to reduce lighting costs as well as improving appearance and perceptions of safety. Of the schemes which had levels of expenditure of over €20,000 per scheme for electricity 5 were over 6 floors high, and 4 had more than 4 blocks. Schemes with a lot of blocks will have more lifts and open areas needing public lighting. All the schemes with the higher levels of electricity were built after 1987. Table 5.10 shows the range of costs for energy in the schemes surveyed.

Table 5.10 Costs per Scheme on Electricity - Lighting & Lifts

Scheme Costs	Nos Schemes	No Lift
Less than €5,000	29	16
Greater than €5,000 & Less than €10,000	13	1
Greater than €10,000 & Less than €20,000	8	0
Greater than €20,000 & Less than €30,000	7	0
Greater than €30,000	5	0
Total (Average €10,173)	62	17

5.11 Unit Cost of Electricity/Lighting

The average unit cost for electricity is €120 and Table 5.11 shows the range of unit costs. The average cost of a scheme is €10,173 with a unit cost of €143, this compares to €2,355 and €67 in schemes without lifts. While schemes without lifts tend to have lower unit costs, these schemes are likely to be smaller and older than schemes with higher unit costs for electricity. Underground car parks affect electricity costs particularly if they use mechanical ventilation and have large areas without natural light where energy saving systems are not installed.

Table 5.11 Unit Costs of Electricity - Lighting & Lifts (Average €120)

Unit Costs	Units	Nos Schemes	Lifts
Less than €60	1,145	20	10
Greater than €60 & Less than €120	2,195	21	16
Greater than €120 & Less than €240	1,639	17	8
Greater than €240 & Less than €360	231	3	9
Greater than €360	26	1	2
Total	5,236	62	45
Overall Energy Costs €630,712	Average Unit €120	Average Scheme €10,173	

5.12 Energy Price Increases

Table 5.12 and Table 5.12a looks at energy cost increases on the assumption that usage did not change from 2004 to 2005, so that fluctuations in energy costs in that period must be due to changes in price tariffs or movement between tariffs, e.g. not all apartment schemes are on domestic tariffs, particularly basement car park areas. In some cases there may have been improvements in energy efficiencies due to capital works in the previous year.

Table 5.12 Change in Energy Costs in Schemes Reviewed

Change in Energy Costs	Number of Schemes
No change or decrease in costs	19
Increase in costs	43

Table 5.12a Change in Energy Costs in Schemes Reviewed

Increase from 2004 to 2005 of:	Number of Schemes
Greater than 25% but less than 50% increase	35
Greater than 50% but less than 150% increase	3
Greater than 150%	5
Total	43

5.13 Refuse and Waste Facilities Ratings by Area

Refuse and waste management are important aspects of management. Table 5.13 shows account data for schemes showing waste management costs as a separate heading. Waste management costs include environmental charges, recycling costs, removal of illegally dumped items, management of waste area by sub-contractor including washing down the facility and bringing the bins to the collection point, and the collection of green and household waste. In schemes which use DCC and Oxigen a single combined charge is made. Not all schemes using DCC for household waste use Oxigen to collect green waste. If schemes use Oxigen but not DCC there will be a separate green waste charge.

Table 5.13 Refuse and Waste management in Schemes

Description	Overall	Canals		Area of City					
		Within	Outside	NOC	NIC	CC	SIC	SOC	
Waste collected by DCC	136	27	18	5	1	26	9	4	45
Green Waste Systems	118	18	14	3	1	18	6	4	32
Waste Mge Rating 1 - 3	120	27	15	6	1	24	7	4	42
Waste Mge Rating 4 - 5	73	8	12	3	1	8	7	1	20
Regular Cleaning	134	20	24	7	2	17	13	5	44

5.14 Unit Costs of Waste Management

Waste management costs are also affected by the quantity of household waste, number of apartments, size of bin, and number of internal waste storage areas to be managed. The research looked at unit costs as well as overall expenditure per scheme for those schemes showing a separate cost for waste management in their accounts i.e. where waste management is not combined with other headings such as grounds or cleaning. Table 5.14 shows that many schemes with poor ratings for waste management paid similar unit costs than schemes with better ratings. The average cost of waste management per unit is €144.

Accounts sometimes show separate costs for items such as skips, removal of abandoned cars or household items illegally dumped. For the purpose of this research these have been combined with waste management costs. Table 5.14 shows that in 13 cases where management of waste areas was given a poor rating the cost was still above the average unit cost, this could reflect costs associated with illegal dumping.

Table 5.14 Waste Management Unit Costs and Ratings

(In schemes with separate waste cost shown in accounts (Average €144))

Unit Costs in Schemes	Schemes with poor waste management rating	Schemes with good waste management rating	All Schemes
Less than €72	5	4	9
Greater than €72 & Less than €144	8	4	12
Greater than €144 & Less than €288	11	6	17
Greater than €288 & Less than €432	2	0	2
Greater than €432	1	0	1
Total	27	14	41

5.15 Average Unit Costs Waste Management Identifying those Using Recycling Systems

Waste management is seen as an area where savings can be made by converting to green waste systems. Table 5.15 shows that average unit costs are lower when green and household waste is collected by DCC and Oxigen. The table shows that Dublin City Council provide most of the waste management services to the schemes surveyed.

Table 5.15 Waste Management Average Annual Unit Costs Per Provider (2005)

Provider	Type of Waste	Total Cost	Nos. Units	Cost Per unit	Schemes	Cost per Scheme
No Info	No Info	N/A	1,044	N/A	21	N/A
All	Waste	€604,474	4,192	€144	41	€14,743
Total	N/A	N/A	5,236	N/A	62	N/A
Non DCC	All Waste	€251,043	1,490	€168	12	€20,920
DCC & Oxigen	Green & Household	€144,366	1,175	€123	17	€8,492
DCC & Other	Green & Household	€94,151	585	€161	3	€31,384
DCC	Household only	€114,914	942	€122	9	€12,768
Total	N/A	€604,474	4,192	€144	41	€14,743

5.16 Drainage Ratings

The survey looked at drainage systems and rated them on the basis of how they performed against criteria such as blocked drains, strong smell, blocked surface gullies and whether down-pipes led to gullies and overflow arrangements generally. The drainage survey ratings relate to the internal system and not the main drainage system in the apartment complex. As Table 5.16 shows most schemes performed well, however it was difficult to judge satisfactorily because the survey was carried out in a comparatively dry summer. The problems that were identified were found in City Centre schemes and mostly in schemes built within 1996 and 1998.

Table 5.16 Drainage Ratings (1 to 3 not good) (4 to 5 good)

Characteristics	All	Canals		Area of City					
		Within	Outside	NOC	NIC	CC	SIC	SOC	
Drainage Rating 1-3	17	7	-	-	-	6	1	-	7
Drainage Rating 4-5	176	28	27	9	2	26	13	5	55

5.17 Management Rating

Table 5.17 shows ratings for issues likely to affect the quality of life of residents, such as the external appearance and the lobby area. These are not solely determined by management since design, construction and residents usage/behaviour are also factors. However they are still indicators of the overall approach to management. In 15 cases (24%) external appearance was considered poor to average and in 25 cases (40%) the lobby area could be improved.

Agents raised issues such as the low cost of capital items (carpets, paint etc) with high maintenance cost and short life cycles compared to more robust finishes. Table 5.17 shows ratings for issues likely to affect the quality of life of residents.

Table 5.17 Issues affecting Quality of Life in Schemes

Characteristics and issues Ratings	All	Canals		Area of City					62
		Within	Outside	NOC	NIC	CC	SIC	SOC	
External Space Mnt 1- 3	50	12	3	1	-	12	1	1	15
External Space Mnt 4 - 5	143	23	24	8	2	20	13	4	47
Lobby Mnt Rating 1- 3	84	19	6	2	-	19	3	1	25
Lobby Mnt Rating 4 - 5	109	16	21	7	2	13	11	4	37
Overall Mnt Rating 1- 3	87	17	7	3	-	17	1	3	24
Overall Mnt Rating 4 - 5	106	18	20	6	2	15	13	2	38

Ratings (1 to 3 poor to average) (4 to 5 good to v. good)

5.18 Increase/decrease in Management Fees from 2004 to 2005

In discussions about apartment living in Ireland the benefits of good quality management is rarely acknowledged instead the focus tends to be on the cost of service charges. Good quality management improves the long-term capital value of an apartment scheme as well as the day-to-day quality of life of residents. It is the joint responsibility of the apartment owners management company and the agent they employ to ensure that the type, quality and quantity of management provided meets the aspirations of the owners and that service charges are adequate for the desired level of services. In considering management fees it is essential that owners consider the quality and the quantity of services and not just the cost.

In assessing the quality of management the research sought to identify managing agents as well as developers. It was not easy to locate the managing agents; there is no requirement to disclose the name of managing agent or indeed the developer in the accounts despite their importance to the success of a development. A further complication is that the managing agent could and in some cases did change between the physical survey undertaken mid 2006 and the year for which the accounts were filed.

Generally the information in the accounts does not facilitate an analysis of why changes in fee levels occur. Just as it is difficult to track if there was a change in agent it is equally difficult to determine if service charges changed due to a change in the quantity or quality of services provided. Table 5.18 shows the number and percentage of schemes where management agent fees changed between 2004 and 2005.

Table 5.18 Management Fees 2005 (Year-on-Year Increase)

Description	Number of Schemes	%
Management Fees Not disclosed (2005)	9	15%
No change in Fees (2004 & 2005)	7	11%
Decrease in Fees (2004 & 2005)	7	11%
Increase in Fees (2004 & 2005)	39	63%
Total	62	100%

5.19 Increase/decrease in Management Fees from 2004 to 2005

Table 5.19 looks at the levels of increase between 2004 and 2005 for the 39 schemes referred to in Table 5.18. This table shows that 21% of the schemes increased by up to €10,000 while 31% of schemes had an increase of €500 or less.

Table 5.19 Increase/decrease in Management Fees from 2004 to 2005

Increase in Mge Fees	Number of Schemes	Schemes as %39
€0 to €500 increase	12	31%
€501 to €1,000 increase	6	15%
€1,001 to €1,500 increase	6	15%
€1,501 to €2,000 increase	4	10%
€2,001 to €3,000 increase	3	8%
€3,001 to €10,000 increase	8	21%
Total number of schemes	39	100%

5.20 Management Fees as a % of Overall Expenditure

Management fees are shown in Table 5.20 as a percentage of overall scheme expenditure. The accounts for most schemes show that management fees range from 11% to 15% of overall expenditure. In addition to showing management fees, the accounts should disclose when (if) contracts for other services security, cleaning and landscaping are awarded to companies which are subsidiaries of the agents. Overall payments including payments to subsidiary companies increase the influence of the management agents in schemes. None of the accounts referred to payments to subsidiary companies of managing agents.

Table 5.20 Analysis of Management Fees as a % of Overall Expenditure

Management Fees as a Percentage of 2005 Expenditure	Number of Schemes
Management Fees Not disclosed	9
Less than 10%	17
11% to 15%	26
Over 15%	10
Schemes	62

5.21 Agents by Area of City

Table 5.21 examines the representation of agents in the financial survey by area. The table shows that all agents are represented in the city centre area. Table 4.13 provides details of costs in these city centre schemes.

Table 5.21 Representation of Agents in the Sample

Agent	Schemes		Units		Area of City				
	Nos	%	Nos	%	NOC	NIC	CC	SIC	SOC
Wyse PM	11	19	1,473	29	-	-	5	6	-
Keenan PM	9	15	994	15	1	-	5	1	2
O'Dwyer PM	3	5	236	4	-	-	3	-	-
Cuala PM	2	3	288	5	-	-	1	-	1
Johnston PM	3	5	207	3	-	-	3	-	-
R.F. PM	3	5	168	4	1	-	1	1	-
Premier PM	5	8	175	2	-	1	2	2	-
A to Z PM	2	3	96	6	-	-	1	1	-
Sky PM	2	3	85	2	-	-	2	-	-
Wallis PM	2	3	68	1	-	1	1	-	-
Others Agents	11	16	1,175	24	4	-	4	1	2
None or Unknown	9	15	271	5	3	-	4	2	-
Total	62	100	5,236	100	9	2	32	14	5

5.22 Insurance Charges in Schemes Surveyed for Year 2005

Table 5.22 shows the range and frequency of insurance charges in schemes. Insurance charges were examined for 60 schemes for accounting periods ending in 2005. The review showed that annual insurance costs are generally less than €300 per apartment. A significant number of apartment owners pay less than the €235 average annual insurance cost. The accounts provide no information about:

- Excess claim values,
- Reinstatement values, (not market value, but including demolition, redesign and reconstruction)
- How claims history affects premiums.
- Special risks i.e. scheme characteristics
- The type of cover in place (public liability, structural, officers and directors liability insurance, separate lift insurance).

Premier Guarantee and Home Bond is known to be difficult to successfully claim against in respect of smaller issues but it does provide a safety net for owners in respect of major problems with construction excluding those caused by design. But again there is no information about it in the accounts.

The review of insurance expenditure per scheme shows that 9 schemes (15%) have insurance costs of less than €5,000 and that a further 30% have insurance costs of less than €10,000 per scheme. Eight schemes had insurance costs in excess of €40,000. Table 5.22 shows the range and frequency of insurance charges in the schemes and provides unit cost information. It is important to consider both scheme and unit costs. The average insurance charge per scheme is €20,118 and the average unit charge is €235.

Table 5.22 Insurance Charges in Schemes Surveyed for Year 2005

Total Insurance Expenditure Per Scheme		Insurance Unit Costs Per Apartment	
Range	Nos Schemes	Range	Nos Schemes
Less than €5,000	9	Less than €118	6
Greater than €5,000 & less than €10,000	18	Greater than €118 & less than €235	26
Greater than €10,000 & less than €25,000	15	Greater than €235 & less than €470	24
Greater than €25,000 & less than €40,000	10	Greater than €470 & less than €705	4
Greater than €40,000	8		
Average scheme charge €20,118 Average = €235 Units = 5,136			

5.23 Examination of Schemes with High Unit Insurance Costs for 2005

Unit costs take into account the percentage of overall expenditure which insurance represents and makes costs more comparable across schemes. The five schemes with the highest unit insurance costs i.e. not necessarily the highest scheme cost were reviewed. Table 5.23 gives details of these schemes and considers the probable causes.

It is important for owners to appoint an experienced person to negotiate a competitive premium, so that the owners get the best level of cover for the best price. The insurance industry suffers from fluctuations depending on how risk adverse they become as a result of local and global issues. It is generally accepted that the industry imposed increases in premiums after 9/11 and that it was 2005 before the market returned to normal. It is advisable that insurance quotations are reviewed and fresh quotations sought each year.

The schemes in Table 5.23 do not seem to have any unusual features related to height, number of blocks or units and they are in a mix of locations. There is no information in the accounts about claims histories or why insurance costs varied year-on-year or the type of cover provided.

The annual unit costs vary from €661 per unit to €455 compared to a survey average of €235. The average scheme cost was shown to be €20,118 in Table 5.22 four of these schemes also exceed the scheme average although one is relatively close to the average.

**Table 5.23 Examination of 5 Schemes with High Unit Insurance Costs for 2005
(Average €235)**

ID of Schemes Area	E(180) NOC	D(158) CC	C(87) SIC	A(103) SIC	B(114) CC
Year Company Incorporated	1998	1994	1998	1978	1998
Managing Agent	KPM	KPM	Wyse	Unknown	Unknown
Management Rating	3	3	5	2	4
Number of Apartments	100	47	70	8	100
Number of Floors	5	5	4	3	4
Number of Blocks	3	1	6	2	4
Lifts in Scheme	Y	Y	Y	N	Y
Mixed Uses	N	N	N	N	N
External Noise Issues (Busy Road)	Y	Y & Pub	N	N	N
Security including CCTV	Y	Y	Y	N	Y
Safety Rating Good	Y	Y	Y	Y	Y
Fire Safety Rating	3	3	2	1	4
Gates	Y	Y	Y	Y	Y
Lighting considered suitable	Y	Y	Y	Y	Y
Play Area/Crèche	N	N	N	N	N
Evidence of Regular Cleaning	N	N	Y	N	Y
Social Housing Units	21	None	-	None	19
Other Rented per PRTB	20	9	8	1	40
Unit Cost of Insurance 2004	€749	€506	€360	€625	€496
Unit Cost of Insurance 2005	€661	€567	€455	€563	€476
Cost of Insurance 2004	€74,931	€23,786	€25,169	€4,996	€49,645
Cost of Insurance 2005	€66,073	€26,661	€31,836	€4,500	€47,685
Total Expenditure 2004	€261,308	€68,823	€104,620	€22,579	€238,979
Total Expenditure 2005	€190,345	€82,494	€166,258	€19,494	€272,591
Management Fees 2004	€27,310	€9,450	€13,700	Unknown	€22,000
Management Fees 2004	€19,425	€9,450	€15,560	Unknown	€25,000

5.24 Examination of Schemes with High Unit Insurance Costs for 2005

A similar exercise was undertaken for the schemes with the lowest unit costs for insurance. The results are shown in Table 5.24. All these schemes have costs per scheme which are significantly below the average of €20,118. Some of these schemes are not gated, and one has play facilities. There is a significant difference in the cost of insurance between the ten schemes examined in Table 5.23 and 5.24 the annual costs range from €661per unit to €71per unit for 2005.

Table 5.24 Examination of 5 Schemes with Low Insurance Costs for 2005

ID of Schemes Area Year AOMC Incorporated	B(102) SIC 1984	A(189) SOC 2002	E(164) NOC 1974	C(136) CC 1997	A(92) SIC 2005
Managing Agent	Unknown	Smith	JS Mge	Wyse	Petra
Management Rating	5	3	3	4	4
Number of Apartments	99	101	36	56	120
Number of Floors	3	4	3	4	5
Number of Blocks	7	23	2	1	2
Lifts in Scheme	N	Y	N	Y	Y
Mixed Uses	N	N	N	Y	N
External Noise Issues (Busy Road)	N	N	N	Y	N
Security including CCTV	Y	Y	N	Y	Y
Safety Rating Good	Y	N	Y	Y	Y
Fire Safety Rating	2	5	3	3	4
Gates	N	Y	N	Y	Y
Lighting considered suitable	Y	Y	Y	Y	Y
Play Area/Crèche	Y	N	N	N	N
Evidence of Regular Cleaning	Y	Y	Y	N	Y
Social Housing Units None	None	None	6	None	1
Other Rented per PRTB	46	None	9	27	10
Unit Cost of Insurance 2004	€71	€74	€84	€134	€141
Unit Cost of Insurance 2005	€63	€117	€86	€109	€115
Cost of Insurance 2004	€7,053	€7,484	€3,034	€7,515	€16,914
Cost of Insurance 2005	€6,286	€11,793	€3,100	€6,107	€13,827
Total Expenditure 2004	€36,916	€59,596	€8,203	€69,490	€101,833
Total Expenditure 2005	€39,988	€154,171	€19,784	€85,580	€128,433
Management Fees 2004	Unknown	€13,468	Unknown	€11,000	€12,733
Management Fees 2004	Unknown	€14,478	Unknown	€11,400	€12,567

5.25 Review of Owners Behaviour and Attitudes

Owner behaviour and attitudes affect management in apartment developments. It is less tangible and harder to measure than design, construction and managing agent services. The physical survey showed that “anonymity” of agents, developers and the management company including directors was an issue facing residents seeking information about how their property is managed. There was rarely any sign of who the residents’ committee or owners’ directors were and there was little general signage (even basic directional signage or maps) and no notice boards in foyers (showing house rules, contact details or even who to ring in the event of an emergency).

5.26 Review of Debtors

Table 5.26 shows the movement in debtors from 2004 to 2005 and shows the value of debtors. It is important that some quantitative measure of owner behaviour is examined to complete the picture of the circumstances that lead to successful apartment living. Late payment or non-payment of service charges is one indication of disengagement by owners in the management and maintenance of their property. Some accounts listed debtors by apartment and showed the amounts owed. Others showed interest on service charge arrears along with the cost of bad debt and debt collection. The debtors’ figure in some accounts shows separate figures for prepayments and arrears of service charges.

Table 5.26 Value and Movement in Debtors from 2004 to 2005

Value of Debtors per Scheme		Debtors as a Percentage of Total Income		
Range	2005	Range	2004	2005
No Data	2	No Data	2	2
Less than €1,000	4	Less than 9%	18	21
€1,000 to €5,000	12	10% to 19%	19	15
€5,001 to €10,000	14	20% to 29%	7	14
€10,001 to €25,000	19	More than 30%	16	10
More than €25,000	11			
	62		62	62

5.27 Movements in Sinking Fund Provisions

Owners are responsible for putting sufficient funds aside each year to build up a sustainable level of sinking fund with which to undertake major capital repairs in the future. The accounts do not provide reassurance about the sustainability of existing sinking funds. There is no history of spending from the sinking fund or estimates of future requirements even for the current period. Spending from sinking funds is shown in the income and expenditure accounts in the year spent. It inflates expenditure relative to income that year, a more appropriate accounting treatment is necessary to show spending from sinking funds. Table 5.27 shows the cumulative sinking fund per unit and also shows cumulative sinking funds as a percentage of annual expenditure.

The table shows that the 40 schemes have cumulative sinking funds per unit of less than €500 per unit and that only one scheme has more than €2000 per unit. From the review and from discussions with managing agents there is evidence of reluctance by owners to provide adequately for future capital investment. Some accounts show that levies are used to undertake capital refurbishment and betterment works. Levies can lead to deficits in the year the money is spent and surpluses in the years in which it is collected. Sinking funds are usually specifically provided for in the lease. Although levies are a workable alternative, it should be clearly stated in the accounts that this is the accounting and funding treatment being adopted in the scheme to alert future purchasers to the possibility that a levy could be made after they purchase. In addition this approach needs to be reconciled with the conditions of the lease which the owners sign when purchasing. These often specify the necessity of providing for a sinking fund and rarely allow for a levy instead.

Table 5.27 Cumulative Sinking Funds in Accounts 2005

Total Sinking Fund Per Unit - 2005		Sinking Fund as a % of Total Expenditure	
Range	No's of Schemes	Range	No's of Schemes
No Data or Zero	3	Zero %	3
Less than €500	40	1% to 25%	32
€501 to €1,000	10	25% to 50%	12
€1,001 to €2,000	8	50% to 100%	11
More than to €2,001	1	More than to 100%	4
Total	62		62

Requisitions of title should indicate that there is work outstanding as well as the value of sinking funds. There is not much evidence that the information provided in title requisitions influences potential purchasers by affecting purchase price. It is inevitable that as the sector matures this will begin to happen.

5.28 Evidence of Vesting of Common Areas by Developers

Vesting is rarely mentioned in the accounts so it is difficult to ascertain if/when vesting has occurred. The address of directors can indicate that a scheme has been vested. Table 5.28 shows the number of schemes that had directors who lived in the scheme. Approximately 50% of the schemes surveyed had developer-directors and of these 15 were incorporated prior to 1997 so there can be little reason for vesting not to have occurred. This review of vesting was only possible for schemes for which detailed income and expenditure accounts were located.

Table 5.28 Cumulative Sinking Funds in Accounts 2005

Year Incorporated	Owner-Directors	Developer-Directors	Total
1974 - 1986	4	3	7
1987 - 1997	18	12	30
1998 - 2005	8	17	25
Total	30	32	62

5.29 Emergency Services Charge/After Hours Service

Some agents employ call centres to deal with after hours and weekend calls. This includes taking calls about leaks, noise pollution including burglar alarms, lockouts, and urgent repairs to doors, gates and locks. Owners are given an emergency after hours phone number and the operator rings the other owner-occupier responsible for the water leak or noise pollution and sends out a tradesman as necessary. The cost of the emergency service is passed onto the owners by the agent. Emergency charges do not appear in the accounts of all schemes. Of the 62 schemes surveyed there was a specific item called emergency service in 15 schemes with costs ranging from €450 to €1,800.

5.30 Evidence of Vesting of Common Areas by Developers

A review of the auditors engaged to audit the accounts of the schemes included in the financial survey showed that a number of auditors appear regularly. It is good practice to change auditors from time to time to maintain the objectivity of the audit process. Auditors should be appointed by the members and the appointment of the auditor should be agreed at the AGM. Auditors fees work out at 1% of total expenditure which on average is €18 per unit per annum and €1,452 per annum per scheme. The low level of fees charged should cause concern about the level of scrutiny which auditors can realistically provide for those fees.

Table 5.30 shows that:

- Dunne McNulty Nannery audit 8 schemes out of the nine schemes which are managed by KPM.
- Duignan Carthy O'Neill audit 7 schemes of the 11 managed by Wyse.
- Crann and Lennon audit all 3 of ODPM's schemes.
- Madigan & Co audit all of RF's schemes.

The audit process needs to remain independent if it is to fulfill its remit to the members. Auditors must be careful to avoid over reliance on a single client (in this case agent).

Table 5.30 Examination of Auditors Involved in Private Apartment Developments

Name of Auditor	Total	Other	Duignan Carthy O'Neill	Dunne McNulty Nannery	Madigan & Co.	Crann & Lennon	Devaney & Durkin
No Agent/ Unknown Agent Insufficient Information	31	19	6	2	2	2	-
Wyse	11	3	7	1	-	-	-
Keenan PM	9	1	-	8	-	-	-
Premier PM	5	3	-	-	-	-	2
O'Dwyer PM	3	-	-	-	-	3	-
RF PM	3	-	-	-	3	-	-
Total	62	26	13	11	5	5	2

Chapter 6

Successful Apartment Living

Report from the Focus Groups

Conducted and Compiled by RUBRIKES



October 2006

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(Housing and Residential Services), Dublin City Council

Executive Summary

1. Three focus groups were facilitated: 16th August, 30th August and 13th September 2006. Each was approximately of one hour's duration.
2. Each of the focus group sessions was transcribed. The summary of findings described below reflects common issues arising for each group.
3. Twelve DCC staff participated out of the original nineteen who answered the advertisement.
4. Those participants who did attend participated actively in the sessions and openly shared experience of apartment living in Dublin City. All (but one) had read the Hanlon Report (June 2006). A number of the participants requested additional copies to circulate amongst co-residents in their complexes.
5. Prior to the focus group sessions, participants were encouraged to reflect upon their own personal experience [of apartment living] under four main headings:
 - Licensing managing agents
 - Appropriateness of current legal forms
 - Support and training
 - Service charges and sinking funds
6. The findings of the focus groups, echo many of the conclusions of the Hanlon Report. In turn many of the recommendations in the Hanlon Report find reflection in the more recently published report from the National Consumer Agency entitled 'Management Fees and Service Charges Levied on Owners of Property in Multi Dwelling Units' (October 2006).

Summary Findings

- Participants felt that there was a lack of understanding among apartment owners of their right, responsibilities, etc. as owner/residents in apartment complexes.
- Participants described the official structure as multi-layered and confusing which had led to a lack of understanding about it.
- Participants claimed not to have been given any information or insight into the workings of the management company on entering into a purchase agreement.
- Participants believed that they had insufficient knowledge or understanding of the legal framework under which most of their management companies had been constituted.
- In all cases agents were involved in the schemes where the participants lived yet participants still found that it was difficult to differentiate between the role of the agent and the company - it appeared that both were 'morphed' in the minds of most.
- Those participants who had experience of dealing with a managing agent on specific issues mostly found the experience to be unsatisfactory and the agent unhelpful.
- Involvement in management, where it occurred, was largely self-driven. The sense was that residents were generally not asked to participate and did not perceive themselves to be part of a community of interest.
- In many cases the management company appeared to have remained unchanged from the original formation.
- The participants who were involved in a management committee, did not feel that they had a clear knowledge of their inherent management responsibilities and believed they had been 'mislead' as to what was required of them. They had received neither training nor documentation relating to their role.
- All participants saw a role for a resident's committee in interacting with the 'management structure'. Those complexes that had newsletters had a greater level of information and confidence.

- All participants saw a need for information to be made available e.g. FAQ Information Pack. It was suggested that this pack would also be very useful for tenants (non-owners) as their only recourse for information/complaint was the landlord (usually absentee).
- All participants saw a need to be trained to participate.
- There was universal understanding of service charges/sinking funds, although for some participants this had been clarified only from reading the Hanlon Report (2006). There was some reference to improper usage of the sinking fund.
- End of year accounts, while circulated, were widely seen as confusing (with both too much information and too little information occurring). There was no sense that the participants would be confident in asking for clarification. It was generally accepted that participants had no idea what the monies were used for, and there was suggestion that sub-contracts were awarded in a less than ethical manner.
- The participants felt that there was widespread impression that owner/occupiers were within their rights to withhold service charge payment in situations where they deemed the agents were not doing a good job, or providing value for money.
- One third of the participants stated that they would never buy an apartment again.

Key Recommendation

Revisit and implement those recommendations of the Hanlon report (2006) which directly impact on improving individual and communal participation in management. In particular, Recommendation 5.2 states that: “Dublin City Council...should develop a programme of support and assistance aimed at residents...to ensure they become better informed and capable of taking control of their own apartment developments.”

Background

Following launch of the publication ‘Successful Apartment Living – A role for Local Authorities in Private Residential Management Companies’ (Hanlon 2006) the Private Housing Unit (Housing and Residential Services) of Dublin City Council (DCC) determined to conduct a small-scale action research study into apartment living in Dublin.

The stated purpose of the research was to:

- Improve Dublin City Council’s understanding of the current practice of managing residential developments, from the perspective of the end user, with a view to improving such practice;
- Establish how best Dublin City Council could assist and support owners of apartments to protect their investment and get good value for money for management services.

Rubrikes, a Dublin-based agency committed to building and facilitating sustainable communities into the future, was awarded the contract to conduct the first part of this research project. This element comprised self-reflective enquiry designed to explore the views, experience and insights of a cohort of participants into apartment living. The cohort sample was confined to participants working in Dublin City Council itself and living in, or owning, a private apartment in a purpose built complex within DCC’s administrative area.

Methodology

Self-reflective enquiry amongst participants was facilitated through a series of focus group interviews. The focus group format was deemed most appropriate in this instance as the desired outcome was information relating to personal and communal experience of living in purpose built private apartment complexes.

The format of this enquiry, however, differed from the standard focus group format in that, firstly, the participants had self-selected (i.e. they responded individually to an article inviting voluntary participation from Dublin City Council employees); and, secondly, each of the participants was 'briefed' prior to participation (i.e. they received a letter broadly laying out aspects for the discussion, as well as a copy of the Hanlon Report).

Participants were asked to reflect on the following four areas as preparation for focus group discussion:

1. Licensing of managing agents;
2. Appropriateness of current legal forms;
3. Support and training for owners/occupiers;
4. Service charges and sinking funds.

Discussion within the focus groups was facilitated on the basis of a semi-structured interview, in that each group was asked for responses to four specific questions:

1. What do you think could be done to help people gain better access to participating in the management of their own apartment complex?
2. Did you know that when a developer is given permission to proceed with a proposed development, it is a requirement that s/he establish a development company to 'manage' the business and represent the best interests of (potential future) residents?
3. Are you aware of any licensing arrangements operating in your own apartment complex?
4. Think about the current level of service charge in your apartment complex. Has it increased over the period of your ownership/occupancy? Have you been given sufficient reason for the increase?

It was to be anticipated that the self-expressed interest in the topic, combined with the open-ended nature of these questions, would instigate lively conversation. In the event of hiatus, however, a series of 'prompts' was also developed and used by the facilitator to keep discussion within the group(s) on track.

For example, on the subject of participation:

- Prompt 1: What information do you have concerning the legal management structure of your apartment complex?
- Prompt 2: What information were you given regarding how your complex would be managed when you bought in/took up residence?
- Prompt 3: Were you ever invited to participate on a management committee?
- Prompt 4: Would you like to participate on a management committee – what further information would you need to decide if you would/wouldn't?

On the subject of the current legal frameworks:

- Prompt 1: What do you know of this structure in relation to your own apartment complex?
- Prompt 2: Do you know that a this structure is, strictly speaking, participative and entitles you to have a 'say' through voting? Do you know how to exercise this right? Do you know when you could exercise it (e.g. through an AGM)?
- Prompt 3: What support (including training) do you believe you need to better prepare you to take an active and legally recognised role in the management of your complex.

On the subject of the licensed management agent:

- Prompt 1: Do you know what a management agent is?
- Prompt 2: Do you know the name of the agent/agents if any?
- Prompt 3: Has anyone from the management agents contacted you to elicit your views concerning any aspect of maintenance or management within your apartment complex?
- Prompt 4: What support do you think owners/residents would need to familiarise themselves with their rights and responsibilities relating to licensing arrangements?

On the subject of service charges and sinking funds:

- Prompt 1: Was the practical reality of a service charge explained to you when you agreed to buy/rent?
- Prompt 2: Was the concept of a sinking fund explained to you? Do you understand what the financial impact to you is in the short-term/long-term?"
- Prompt 3: How much more information do you think owner/residents should be given concerning both? Whose responsibility do you think it is to provide this information?

Findings

In response to the original internal advertisement, nineteen employees of Dublin City Council volunteered to participate.

A series of three sessions was scheduled over a six week period, planned to take place over the months of July and August. Each volunteer was offered a choice of dates to allow for the probability of holiday leave forcing withdrawal. In spite of this not all of those who originally put their names forward were in a position to actually participate. So while three sessions did take place, the number of participants in attendance was reduced to twelve in total.

Each interview session lasted between forty five and seventy five minutes.

Key findings from the three groups are as follows:

...on Participation

Six of the participants (i.e. 50%) were involved in a voluntary capacity within their complexes. Of that number two had been officially voted onto the management company. Three of the participants had been invited to work on a 'resident's group' – but had no knowledge of the existence or role of the management company. The sixth was heavily involved in the management of her complex but was not actually a member of the management company.

Three of the participants saw themselves continuing to reside in their apartments for the long term and this was the reason for them seeking out involvement in the management of the complexes. The other three who were involved saw themselves as either 'giving something back', or looking after their vested interests.

One from the other six participants was a landlord and was not involved in the management company. In fact, as a landlord, he felt excluded to the point that he would not be willing to even attend meetings as things currently stood.

The remainder of the group (42%) was not involved in any capacity in the running of their apartment complex.

"Everyone is entitled to participate but most people choose not to attend"

"If there was something I wanted to change I would go to the meetings."

"People only go there to complain."

"Yes, I am on the committee. I decided straight away to get involved.
The committee is a good line of communication. Sometimes it does take time to get stuff done,
but I decided to get involved from the beginning."

Direct Participant Comments

...on The Legal Structure

While one-quarter of participants was involved in some representative capacity, a lack of information and understanding regarding the structure of the management company - particularly in relation to the legalities of the structure - was widespread. No training had been offered as part of the involvement, and where documentation was provided in the form of minutes of meetings or annual accounts there were no clear or comprehensive explanations accompanying them.

There was, amongst participants, little familiarity with legal documents such as Memoranda and Articles of Association.

General consensus was that participants had been given no information about the management structures, or the rights and responsibilities of apartment owners on the purchase of their homes.

“Go through the ‘charade’ of having the annual meeting.”

“The Management Company – they hold all the cards - you’d think they were doing you a favour if they do something.”

“The Management Company has had the monopoly for too long and they want to keep the status quo going.”

Direct Participant Comments

...on Agents

Relationship with agents was strained at best. While each of the participants knew the name and contact details of their respective agent – although in some instances this had come by ‘looking in the telephone directory’ (i.e. there was no ‘official’ method of informing residents) - all of the contact was one-directional i.e. mainly on the basis of making complaints.

There was very little understanding amongst participants as to the exact nature of the role of agent. In some instances, in fact, the agent appeared and acted as though a member of the management company (although not reporting to it). For those participants who were not involved in their management companies the lines were blurred between the management company and the agent contracted in.

Descriptions of agents ranged from ‘rude’ and ‘useless’ to ‘us and them’. There was strong (and widespread) suggestion that there was another layer of relationship between the agent and sub-contractors (e.g. landscapers, cleaning contractors, etc.) that was at best unethical and, at the very least, involving money or backhanders. In the experience of participants in no instance did any agent seek and present a number of tenders prior to awarding contracts.

“Seems to be ‘there for life’. They have a monopoly on that particular complex.”

“We had to threaten to let them go.
We had to threaten to replace them in order to get work done.”

Direct Participant Comments

Service Charges and Sinking Funds

Financial obligations accruing as part of the purchase negotiations had been explained to participants by solicitors acting on behalf of the vendors at the time of signing contracts. On a number of occasions participants had prior understanding in this regard as a result of their experience as an employee of DCC.

Although not asked outright for the details of their respective service charge, two of the participants did volunteer this information: one was paying €2,000 per annum (and considered it 'high'); the other €1,000 per annum (representing a reduction of €200 on the previous year resulting from change of agent).

There did not appear to be significant annual raises in charges levied. This may in part be due to the fact that 75% of participants had less than four years tenure in their respective complexes.

Clarification was sought by a significant number of the participants regarding their legal obligation of continuing to pay the service charge in situations where value for money was deemed lacking.

Although there was some understanding of the role and function of sinking funds in theory, there was apparently misuse of these funds in practice (in one instance given, to purchase stationery). In other instances, the funds were declared insufficient by the vendor's solicitor at the time of purchase. In the opinion of participants this latter fact is frequently ignored, primarily through lack of understanding but also through a desire to 'get the deal over with'.

"I get the annual accounts but I really do not know where the actual money goes."

"If the management fee went up suspiciously high I would take notice."

Direct Participant Comments

Conclusions

The participants were very interested in sharing information both amongst themselves during the sessions, and also bringing the information back to their neighbours. Indeed, the actual experience of participating in the focus group interviews was seen as 'awareness raising', and many of the volunteers sought answers to questions of specific current relevance in their respective complexes.

The fact that all of the participants were employed by Dublin City Council - in some instances having a nominated role (e.g. 'Planner') - and given the fact that all were self-selected could suggest that their motivation (to participate in a once-off focus group discussion) was information driven, whereas ongoing commitment to involvement in the apartment complexes, in whatever capacity, was clearly seen as needs driven e.g. one participant was deeply dissatisfied at the standard of maintenance and upkeep of the building; in another example, the insufficient nature of the sinking fund encouraged a participant to take an active role.

Of the 50% who had no involvement in their management structure, only one participant declared satisfaction with the effectiveness of the current management company and agent. (The situation here is particularly relevant in that there had been a 'coup' by some of the residents in recent years which had resulted in a newer, more cost efficient, agent being employed.) For each of the others a lack of understanding of their entitlement to participate in the first place as well as a belief that 'I'd attend the meetings if I had a problem' was the reason given for lack of participation thus far.

However, the information contained in the Hanlon Report was reckoned by all participants to be an 'eye opener' and a definite springboard to raising awareness. A large number of participants requested additional copies so that they could be circulated amongst their neighbours and other members of residents' bodies. More than one participant commented that, now armed with information, they felt empowered to seek out involvement in official structures within their resident complexes.

Recommendations

It is difficult to refrain from interpreting the anecdotal evidence obtained by the focus group interviews as implication that there is a sense that certain stakeholders in management complexes have a vested interest in maintaining the status quo. Even those owners and tenants who take on management responsibilities have little understanding of the roles, rights or limitations of the various players.

For example:

- The management company ... a discrete, separate, powerful entity;
- The agent member of the management company at best or at the very least a member of the 'management authority' with no servicing of customer needs;
- The 'residents' committee ... merely informal, voluntary and impotent.

Interpretations aside, however, there are some very clear recommendations emanating from the discussions facilitated.

There was unanimous support, for example, for the development of a training programme. All participants agreed that it would be particularly beneficial if more than one representative from an individual complex committed to attending any training provided, both from the obvious perspective of providing mutual support as well as learning new skills for participation and management.

Much discussion was generated around the areas of interest and core curriculum which such a training programme should encompass. For example regarding governance, individual documents (i.e. Memorandum and Articles of Association) could be treated as case study projects undertaken as part of the programme. Or another example, participants could review their own annual accounts and have specific questions answered by the expert facilitator.

Other examples suggested by participants for inclusion concern:

The Law, Governance, Obligations

- Legislation
- The role of the Limited Company
- The role of the Management Company
- Rights and Responsibilities of Directors
- The role of the Agent

Finance

- Accounts Management
- Service Charges
- Sinking Funds
- Obligations

Neighbourliness

- Assertiveness Skills
- Conflict Management
- Telephone Skills
- Community Living - 'Basic Rules of Living Together'
- Eco-living and waste management
- Landscaping (how to read landscaping plans, etc.)
- Security

Many participants spoke of the importance of the 'newsletters' circulated within their complexes. For this reason, and because of the widespread lack of information given to prospective apartment dwellers, the idea of a 'welcome' pack was suggested as a valuable outcome to the sessions. This welcome pack would include:

- outline of the rights and responsibilities of all residents (whether owner occupiers or tenants);
- the structure and make-up of management companies (including their contact details);
- financial obligations and the function of the sinking funds;
- 'house rules' of their specific apartment complex and general community living;
- contact details for the particular agent responsible.

It was further suggested that this pack should be especially useful to tenants who otherwise have resort only to their landlord for information or in the case of complaint. In fact, greater involvement by landlords was deemed as crucial if apartment living was in fact to be successful. Participants all shared experiences of 'bad neighbours', of passing 'strangers' in corridors, and not knowing who was going to be living next door.

(NOTE: Based on information contained in its recent Report, the National Consumer Agency has produced a booklet entitled 'Property Management Companies and You' which addresses some of these issues.)

Way Forward

As part of a larger investigation into apartment living, this series of focus group interviews proved highly successful. Although all of the participants came from Dublin City Council there was great variety in their experience of apartment dwelling. The questions drafted allowed interesting and dynamic discussion without undue interference from the facilitator. All of the participants voiced appreciation – that the sessions were educational; that there was a definite sense of consciousness-raising; and that there might be training offered in the future. Even in the short term the participants left with a greater understanding of their own potential to bring about change and participate more fully in the management of their own complexes.

In that this report validates many of the conclusions of the Hanlon Report there is purpose in re-iterating some of the key recommendations from that Report as way forward.

In particular Recommendation 5.2 states that:

- Dublin City Council, in partnership with other advice and support agencies, should develop a programme of support and assistance aimed at residents of apartments to ensure they become better informed and capable of taking control of their own apartment developments.
- A publicity campaign to raise awareness and create greater understanding about the need for and role of management companies and the rights and obligations of homeowners is recommended. Dublin City Council working with the other advice and support bodies should undertake to begin the process. The local authority should develop an information booklet or website which outlines what should be required from agents by owners.
- Training should be provided to directors of management companies explaining how budgets should be worked out and what information they should seek about tenders, sinking funds, etc. Comparative data from within the sector would help to reassure members about charges, sinking funds etc. This should include information and training about the role of the Company Secretary. Training in the basics of operating a management company limited by guarantee should be provided to management company members. Dublin City Council should develop and promote training programmes.

As has already been mentioned, the recent report from the National Consumer Agency supports the conclusions of the earlier Hanlon Report, and the findings of the focus groups confirmed the findings of both reports. There is a need now to capitalise upon the impact of both reports and to maximise the impact of the information now in the public domain.

One way forward is to create an informal “Road Show” comprising workshops and seminars for residents of apartment complexes, focused on making them aware of the information available regarding residential developments and the different factors affecting sustainable living in them. This could be organised on an area basis which would stimulate the development of a network of apartment owners across the city.

Following on from these workshops/seminars it would be useful to develop a structured skills-based training programme addressing the deficits currently identified.

The different foci and issues addressed should allow tenants and homeowners gradually up-skill in an way that is commensurate with their need to both acquire and apply information gleaned to the practical reality of apartment living in Dublin City.

Part 3: Chapter 7 Recent Developments

7.0 Introduction

The private apartment statistics issued by the Department of Environment, Heritage and Local Government show that between 1992 and 2006 (Quarter 1 to 3) there were 69,956 apartment completions. By adjusting for the fourth quarter and estimating how many were built between 1974 and 1991 (using survey ratios) and excluding schemes built prior to 1974 it seems reasonable to assume that there are in the region of 85,509 schemes in Dublin (City and County). The average number of units per scheme in the private apartment developments surveyed is 81. If this average is used then there are approximately 1,068 schemes in total in Dublin City and County.

7.1 Auctioneering/Estate Agents Review Group

There is a growing recognition of the importance of apartments as a form of housing and this is reflected in the range of activity and reports which have been produced since the Auctioneering /Estate Agents Review Group first outlined the problems and the need for regulation of agents in their report in July 2005.

7.2 Successful Apartment Living

The next publication in June 2006 was the report by Dublin City Council of which this research and survey is a follow up. This report Successful Apartment Living "A role for Local Authorities in Private Residential Management Companies" highlighted areas of concern to the City Council as a Housing Authority and recommended actions for improvements. It critiqued the current system and commented on whether people would want to raise a family in apartments as currently designed and managed. It looked at the need for tenure and social diversity and the aspects of a neighbourhood, which are important for families e.g. schools, policing, and physical environment. It made recommendations related to taking-in-charge to reduce privatised urban governance and identified the need to provide both social supports for vulnerable families and individuals and community development support in private apartment schemes.

7.3 National Consumer Agency

The National Consumer Agency published a report in October 2006 this report entitled Management Fees and Service Charges Levied on Owners of Property in Multi Unit Dwellings was prepared by DKM Consultants Ltd in association with Kevin O Higgins Solicitors and was accompanied by a useful guidance booklet Putting Consumers First – Property Management Companies and You.

7.4 Office of the Director of Corporate Enforcement

The Office of the Director of Corporate Enforcement published a paper entitled Draft ODCE Guidance on the Governance of Apartment Owners' Management Companies in December 2006. This paper sought feedback and submissions on aspects of apartment living related to Company Law. In paragraph 4.10 the following point is made:

"As each owner signs the conveyancing documents which give them title to their apartment, they also become a member of the management company. Accordingly as members, they become entitled to all the rights and obligations of the members of a company, although, in this case, it is a company which has almost nothing of an ongoing operational role. Their membership is of a company which on the transfer of the common areas will become the means through which they can have an input into the management of their complex. However pending that transfer, the company does not have that role. "(4.10 pg 17)

The ODCE explains that it is the property law provisions in the Management Company Agreement (between the owners as individuals and the developer) that give effect to this deferment of the time at which the AOMC will become responsible for the common areas.

In 4.13 this is clarified further:

"What this means is that in the period prior to the transfer of completion of the Management Company Agreement, the AOMC has no role in the delivery of the Management Services. The services are provided by the Developer through a firm of Managing Agents retained by or on behalf of the Developer."

In Paragraph 4.17 in answer to a common query raised by owners about whether they should seek to take control of the company during the period prior to vesting and signing of the Management Agreement the ODCE makes the following points:

“Firstly developers often wish to remain in control of the AOMC up to the period when the common areas are transferred. For that reason they will sometimes create provisions in the AOMCs Articles of Association (company’s internal governance rules) limiting the power of the owners to take control of the AOMC prior to the transfer of the common areas.”

Secondly in the absence of the AOMC having title to the common areas, there may be little point in the members taking control of the AOMC prior to the transfer of the common areas, the AOMC is not actually involved in the provision of management services and the setting of management charges. These are the responsibilities and privileges of the developer who has remained in control of the complex. Accordingly there is probably nothing that the owners could do to influence those issues even if they were to take control of the AOMC.”

While broadly agreeing with the thrust of the ODCE’s comments there is one area where it would be beneficial for owners to become involved in the AOMC as directors i.e. to prevent the developer allowing the AOMC to incur CRO fines or being struck off by virtue of failure to comply with the requirements of the Companies Acts.

The fundamental question remains about the appropriateness and desirability of AOMCs using a system (company limited) designed for trading companies to manage the ownership of the common areas in apartment schemes.

7.5 Law Reform Commission

In December 2006 *the Consultation Paper by the Law Reform Commission into Multi Unit Developments* was published. It looks at the whole system and related legal issues.

The Law Reform Commission (LRC) addresses the need for directors appointed by developers to resign on completion of the development. It looks at the meaning of “completion” and the circumstances where completion can be confused with the sale of the last unit where the developer intends to retain or hold onto units after the sale of the rest of the units. The LRC is provisionally recommending a statutory definition of the term “completion” so that owners are clear about when vesting of common areas should take place. It is provisionally recommending that the proposed regulatory body’s remit should cover management companies as well as managing agents. It brings up the issue of the type of information which is provided in the annual returns including activity, insurance, compliance with fire and safety and a list of assets owned by the company. The LRC is concerned at the strike off procedures used and its appropriateness as a sanction in non-trading companies. (Paragraph 12.21) The LRC “provisionally recommends that there should be a clear statutory obligation on management companies to establish reserve or sinking funds”. (Paragraph 4.122)

7.6 Property Services Regulatory Authority Bill 2006

During 2006 the Minister for Justice, Equality and Law Reform set up an implementation group as a precursor to the proposed regulatory authority. The group published the *General Scheme of Property Services Regulatory Authority Bill 2006 in December 2006*.

7.7 Policy for Taking in Charge Housing Developments (Dublin City Council)

In January 2007, Dublin City Council developed a Policy for Taking in Charge Housing Developments, this was both in response to the Department of the Environment, Heritage and Local Government’s Circular PD106 (DOEHLG) and followed up the recommendation on taking-in-charge included in the Successful Apartment Living Report. The DOEHLG are reviewing the operational arrangements for management companies, particularly those managing traditional housing estates.

The LRC in Section 2.23 “provisionally recommends that the scope of Section 180 of the Planning and Development Act 2000 be clarified and that guidelines should be issued based on that clarification. It further recommends that planning authorities should closely consider the implications of S180 when processing planning applications and that a national policy should be produced on local authorities taking multi-unit developments in charge.”

7.8 Guidelines for Design Standards for Apartments (DOEHLG)

In January 2007 the DOEHLG published *Draft Guidelines on Design Standards for Apartments for Public Consultation*. These guidelines address many of the design concerns highlighted in this research. However, it is important that in seeking to increase the size of apartments generally the connection between affordability and size is neither lost nor underestimated. In particular the affordability of units aimed at single people (including separated parents with overnight access to children) and small households – (both capital and revenue costs) needs to be considered. Revenue costs include energy and service charges both of which increase with size. Many single people might well prefer a small well-designed unit to involuntary sharing of a larger unit due to affordability issues, particularly people in older age groups and separated parents.

7.9 Sale Scheme for Local Authority Apartments

As a Housing Authority Dublin City Council is interested in ensuring that private apartment developments are operating in a sustainable, appropriate and effective manner. Recently the DOEHLG indicated that local authorities will soon become entitled to make appropriate rented local authority flats available for sale to their tenants. This will bring a new dimension to Dublin City Council's involvement in private apartment developments, currently its involvement is mostly through Part V and Affordable Housing Schemes.

7.10 Recent Case Laws

- Recently, on appeal to the Circuit Court a District Court ruling was challenged and the judge found that although the resident was liable for service charges the AOMC should not have been the body demanding the charges because the communal areas had not been vested by the developer i.e. the charges were due to the developer not the AOMC.

This ties in with other advices which owners have received that they cannot become members of the apartment owners management company with full rights to take over as directors until after the common areas have been vested.

- In a High Court Judgement dated 24th November 2006 Ms. Justice Laffoy addressed the problems of owners whose Apartment Owners Management Company and/or Developer's Company is struck off and subsequently dissolved.

The perceived wisdom up to now has been that the assets of the company become the property of the Minister for Finance if it is dissolved before its assets have been disposed of.

What became clear in this case is that the communal area property is only held in trust by the AOMC. When a trustee "cannot be found" because a corporate body has been dissolved, under S26 Trustee Act 1893 the Court can vest the property in a new AOMC. This removes the necessity for the owners going through the process of getting the original AOMC restored.

In the Case in question the AOMC was dissolved for failure to file accounts and the Chief State Solicitor found that the assets were held in trust for the benefit of the lessees of the apartments and therefore did revert to State ownership.

As the trustee (dissolved Company) could not be found i.e. no longer existed the Court vested the communal areas in a new trustee (new AOMC) for the benefit of those with a beneficial interest in the property in this case the apartment owners.

7.11 General

At a national level the residential managing agents have been meeting as a group and have made presentations to the Law Reform Commission, National Consumer Agency and the Office of the Director of Corporate Enforcement, and the new property regulator. They have also been in touch with the planning and fire authorities with a view to exploring areas of common interest in relation to best practice.

Dublin City Council has implemented a mentoring scheme to support and advise owners' committees and companies. This is part of the development of a role for local authorities in private apartment developments with a view to forming an owners association to act as spokespersons. The initial pilot has now been extended with the employment of a specialist community development worker to augment the work of the external mentor, and to support community development in apartment schemes particularly those with mixed tenures and a mix of affordable and market rate apartments. The City Council also plans to develop and support a web site for apartment owners.

Chapter 8 Overview of Issues and Research Conclusions

8.0 Introduction

Dublin City Council has led the way in considering the role of local government in private apartment developments. In 2005 the City became concerned about the operation and management of the private apartment sector and began to explore the best way for it to help improve the success of apartment living.

The lack of quantitative research in the area has contributed to a lack of clarity about the operation, scale and success of the sector. One of the tasks facing the City Council was to research the system including carrying out quantitative and qualitative research. There is no comprehensive list of apartment developments available but the DOEHLG statistics combined with the average scheme size in this survey indicate that there are in the region of 1068 private apartment schemes in Dublin City and County.

8.1 Role of City Council as Housing Authority

Dublin City Council has always had a wider role in relation to housing than purely social housing. The past decade has seen the increased involvement of the City Council as Housing Authority in the private housing sector including:

- An inspectorate function for private rented housing including the enforcement of housing standards
- Grant aiding improvement works to the homes of people with disabilities – private and social housing
- Mortgage lender for shared ownership for private housing including apartments
- Providing affordable housing for purchase (largely apartments)
- Rental Accommodation Scheme (RAS) - negotiating long-term contracts with landlords and the provision of specific accommodation under RAS for people moving from long term Supplementary Welfare Allowance (SWA) to RAS.
- Sale of houses to tenants resulting in this stock becoming part of the general housing market. A scheme allowing a local authority to sell some of its flats to tenants is expected shortly.
- Purchase of Part V accommodation in private housing (including apartment) schemes.

It is clear that many of the City's housing functions relate to apartments as well as houses and that the Council are a significant investor in the apartment sector.

There was some initial unease among non-housing professionals in the City Council and in other local authorities vis-à-vis the nature and extent of the role it was appropriate for the City Council to adopt in the private apartment sector. However, the importance of apartments to the City was understood and the appropriateness of the local authority playing a part in promoting greater sustainability was agreed. The increased involvement of the local authority was welcomed by Councillors, developers, apartment owners and managing agents. One important area of involvement for the City Council has been to bring managing agents into closer contact with reform and regulatory bodies, to provide quantitative data about the sector so as to better inform the public about what was happening and to develop a mentoring and support framework for owners. This latter initiative is particularly useful for owners wishing to become involved in the management of their apartment development by becoming directors and/or forming owners' committees.

8.2 City as Housing Authority

As well as its role as an investor in private apartment developments the City has its own long-standing expertise and experience in apartment management. Of its rented housing stock of 27,000 units 11,429 are flats contained in nearly 250 schemes. Therefore as a housing expert and as an investor, DCC is in a good position to assess the sustainability of the private apartment sector. Initially concerns about private apartments surfaced in the form of owner dissatisfaction with management, service charges, estate completion, vesting and snagging by developers. But underlying these concerns it was possible to detect less tangible but nonetheless worrying reports of owners who felt powerless and frustrated by the existing system. Leaving aside the impact on existing owners these reports were concerning because of their potential to undermine the confidence of prospective purchasers in the ability of the sector to meet their housing aspirations. The City Council was concerned not just as a housing authority but also because of the importance of the private apartment sector as an essential element of the City's overall sustainability and particularly its role in preventing further urban sprawl.

8.3 Dublin - “Urban Jungle or Endangered Rainforest”

A city needs apartments to work, to quote from John Houghton and Anne Power’s new book “Jigsaw Cities” published recently in London “Many people think that we have built an urban jungle from which we must escape. If we think of cities as “rainforests” instead of urban jungles, we will recognise their immense potential value as richly diverse, crowded and intense medleys of colour, sound and constant renewal to be harvested and protected simultaneously.”

Neighbourhood management issues including concerns about: litter, pollution, anti-social behaviour, crime, vandalism, slow/unreliable or overstretched public transport and the lack of quality schools (fee paying and non-fee paying), play their part in decisions to move to the suburbs or to commuter towns but apartment design, construction and management are also important elements in decision making. Many things need to be fixed before families can view cities with pride - places to love the way Americans love New York or Parisians love Paris. At the moment poor apartment design and construction, inappropriate or absent facilities and mismanagement of apartment schemes contribute to ongoing decisions by households to leave the city behind, especially when children come along - this is a serious problem for the City.

As Dr Power put it “When households with money and choice leave a city, their skills, their spending power and their involvement in civic life goes with them, and economic growth eventually moves to the suburbs and smaller towns.”

8.4 Future of Apartments

Apart from neighbourhood concerns it is essential that apartments (design and management) do not themselves give people a reason to leave. To ensure this does not happen apartments must be suitably designed, built and managed so that they can comfortably accommodate families and single people. There must be an adequate and holistic consideration of size, facilities and affordability - after all there is no point in developers building large apartments if only better off single people or childless couples can afford to live in them., or if they become used solely for social or private renting. There are also issues about the affordability of one bedroom or smaller units - there are many single people in need of housing who are at a stage in their lives (after relationship break up or coming up to retirement) who do not wish to share but who cannot afford the capital and revenue costs (rent, service charges, heating) of a larger unit. The demand for affordable small units (studio, one bed, two bed) needs to be managed on an area by area basis so that there is not a dearth in one area and an over-supply in another area.

The private apartment market in Ireland is relatively immature:

- Few apartment schemes have accommodated people from childhood, to adulthood to retirement
- Few schemes have been refurbished or rebuilt – other than social housing apartment blocks where there was a single owner rather than multiple-ownership. Even the professionals and providers are inexperienced in the relation to the life cycle issues facing apartment schemes – how do owners agree that refurbishment is uneconomic and that demolition and rebuild is required – if one owner fails to agree what options exist for the other owners.
- Few purchasers can obtain advice from their parents about purchasing an apartment in the way they can when thinking of buying a house

On a positive note there is a new willingness on the part of designers, planners, developers and purchasers to give apartments a chance, it is important to build on this opportunity.

8.5 Rights and Responsibilities of Owners to Manage

The system is designed so that owners are members of the Apartment Owners' Management Company (AOMC) and are responsible for management in the long run. They appoint directors to the board of the company to act for them. The success or failure of an AOMC is the responsibility of the directors and ultimately the owners for whom they act.

However until the communal areas are vested the owners rarely become directors, instead the directors are the developer's appointees. In practice the owners fund the service charges which the directors control and use to provide services including those of a managing agent. By law however in the period before vesting the management company is only responsible for keeping its legal status intact i.e. ensuring that it files accounts, all the other rights including agreeing the budget, raising service charges, appointing the agent and deciding on the works to be undertaken belong to the developers. Once vesting occurs the developers are out of the picture unless of course they are owner-members or owner-member-directors.

Despite the reality of the practical and legal situation there is a tendency to blame managing agents for issues which are beyond their control and remit. Both the Law Reform Commission and the Office of the Director of Corporate Enforcement emphasise that employing an agent does not in any way reduce the responsibility of directors to keep accounts, make management decisions and file accounts which comply with the Companies Acts. There is even concern that managing agents should be careful not to become "shadow directors" whereby they take on the role of directors and make management decisions for them.

The National Consumer Agency identified a gap in understanding among owners about the important differences between buying a house and buying an apartment. The clarification which the Law Reform Commission and the Office of the Director of Corporate Enforcement brought about in their respective reports demonstrates that the "understanding deficit" is only one aspect of the problem and that owners lack control and power compared to the other players (agents, developers and their lawyers). Addressing the understanding deficit through education and awareness raising will help owners to understand the situation better, but it will not shift the balance of power on its own because of the weakness of the owners' position compared to the developers, agents and even the directors.

The ODCE explained with stark clarity that it was futile for owners to attempt to become directors of the AOMC prior to vesting of the common areas. Furthermore the LRC report emphasised that there is currently no onus on the developer to vest and indeed that developers can obfuscate indefinitely to avoid vesting - why they would want to do so is less clear.

8.6 Usurpation by Expert of Owners' Right to Manage

An international study published in the Urban Studies Journal (Dec 2006) looked at similar issues in New Zealand, the UK and Hong Kong. The experience in other countries which developed from the English Legal System is not much different to Ireland as the Urban Studies Article "Theorising Power Relationships in Multi-Owned Residential Developments: Unpacking the Bundle of Rights" demonstrates when it states "Residents are the body corporate but often fail to recognise this fact, acting as if the body corporate were an external entity."

There are a number of recent Irish reports which raise the concerns of owners about the system of private apartment provision and management; including the first Successful Living Report, the Rubrikes Section of this report, the National Consumer Agency Report, the Law Reform and ODCE Consultation Papers. Based on the various reports it seems that the single reason why an owner might wish to be on the board prior to vesting is to avoid the situation where the developer allows the company to be struck off, at least if the owners are represented on the board they can ensure that this does not happen.

All these reports, some more explicitly than others reveal that apartment owners despite their manifest property ownership rights perceive that they are powerless to control the management and direction of their property. Solutions are generally discussed in relation to tangible outcomes (snagging, estate completion, vesting, quality of services and level of charges). This fails to explain the level of dissatisfaction and anger expressed by owners against agents. In any system especially one that is unregulated there will be a few "bad apples" and when the system is weak, incoherent and poorly researched it tends to create circumstances where allegations can neither be adequately refuted nor proven.

The significant difference between the Irish reports and the Urban Studies report is that while the latter recognises the need for regulation and is clear about the need to demystify the language used in legal documents - which it describes as opaque, murky and written so as to be only understood by experts – it identifies the underlying reason for the extreme sense of frustration felt by owners. It ascribes these feelings to the way “experts” have usurped the fundamental rights of property owners to manage. In the systems examined it found that power is passed from developer to agent and that owners need to take back this power to themselves if they are to experience apartments as homes in the same way as house owners. The reason people feel that they are “in control in a house” is related to their undisputed right to decide what happens to the structure, external areas etc.

Individual control is traded in an apartment scheme for the more conceptually complex autonomy of communal property rights. The protection of the autonomy of owners in this more complex environment is not easy and it is not about who cuts the grass, files the accounts or organises the meetings.

The Urban Studies report cites developers and management agents along with their lawyers and the legal system as the experts who are “complicit” in usurping the owners’ right to manage. It shows that this occurs regardless of the intent or quality of the services provided by the experts and goes on to say that regulation and reform will help especially with tangible complaints related to snagging, estate completion, also quality of management services and vesting but that there are intangible factors involved which need to be addressed.

People want to feel that they are in control and that decisions/outcomes are based on their choices and decisions. Encouraging a sense of communal ownership and control needs expertise but first of all it needs to be recognised as an important issue.

In the experience of the local authority this type of disempowerment is not new - it has been observed and documented in communities, particularly marginalised communities for some time. The recognised community development response once the balance of power is itself addressed is focussed on capacity building, mentoring, awareness raising and education.

8.7 “Level Playing Field”

It is important not to understate that many frustrations experienced by owners are indeed caused by the absence of regulation and by tangible issues with developers, the law and managing agents. Community development solutions to assert the rights of owners to manage will be most effective when there is a level “playing field” i.e. when that the real and myriad inadequacies in the existing system are improved.

The Urban Studies Research made a number of recommendations:

- (a) Clarification of the roles and responsibilities of agents, developers and owners.
- (b) Active education programme about the operation of bodies corporate to assist purchasers, owners and other stakeholders
- (c) Review of the process of decision-making by bodies corporate in relation to changing rules, undertaking contracting arrangements and resolving disputes
- (d) Regulation of the industry to provide better consumer protection.

In Ireland there has been progress on a number of these fronts including the work undertaken by the Law Reform Commission, the ODCE and the National Consumer Agency combined with the approach taken by Dublin City Council.

Ireland also has the advantage in that it has already made significant advancements in relation to the regulation and licensing of agents which will form part of the remit of the new National Property Services Regulatory Authority. The proposal to licence managing agents is a first important step but it is equally important to regulate the AOMCs and to improve communications and accountability between agents, auditors, developers and owners. These legal issues can be addressed by additional regulation and the development of best practice (accounts, legal documents, time limits for vesting, completion of schemes and snagging).

There are important areas of consumer protection to be addressed such as providing equitable, fair and logical approaches to lease conditions including the apportionment of service charges. This should be addressed alongside tackling the complexity of the language and structure of legal documents. Legal documents should be designed so that the onus is on the developers and their lawyers not to design systems or documents which it would be unreasonable to expect the “ordinary” man to understand and perceive as equitable. Documents should contain as many standard elements as possible and exceptions should be highlighted and explained.

Sustainability will only be achieved by addressing the tangible and intangible causes of why apartment owners feel helpless, frustrated and powerless – apartment owners want to be able to take control of a well managed, well designed, and well constructed development in a well organised neighbourhood. It is clear that the balance of power between owners and developers can only be effectively addressed if the system of quality control for management and construction is improved.

8.8 Privatised Urban Governance

Affordability is an important consideration for social mix and housing policies generally, including affordable housing, shared ownership and Part V schemes. There are two elements to affordability; the initial capital subsidy and the ability of the owner to meet the revenue costs of living there. The key costs of running an apartment include the mortgage, energy bills and service charges. Unfortunately when people try to reduce service charges due to affordability, they often target the sinking fund, and the maintenance of the physical environment. This is a dilemma for the City since it wants a universally high standard of public realm which is not distinguishable by tenure or social mix. To achieve a quality public realm across the board requires day to day investment in maintenance and management which is expensive. The maintenance of the public realm needs to be a publicly provided on the basis that the majority of ordinary people cannot afford to provide it to a standard which makes the public realm an asset rather than a liability. High service charges will not be affordable to those on low incomes, who though able to qualify for affordable or shared ownership loans, cannot afford the ongoing high service charges or levies needed to maintain complex apartment developments to a high standard.

Most of the City is already part of a system of public urban governance including the provision, management and maintenance of infrastructure e.g. public lighting, roads, pavements, traffic, sewerage, water systems and public liability insurance. Traditionally housing estates were taken-in-charge (when infrastructure was designed and constructed to the required standard). The areas taken in charge then became public property and are subject to public, urban governance and are not subject to a separate charge on the owners. The increased incidence of schemes (both gated and open) using a privatised urban governance system, needs to be considered in the context of its impact on the financial, physical and the social sustainability of private apartment developments.

In designing apartment developments planners, engineers and architects need to consider the layout of services so as to maximise the capacity of the local authority to take-in-charge areas which could be seen as similar to public areas in traditional housing estates. The decision to take in charge may raise concerns about public access and public utility. These concepts may need to be revisited, to take account of the many people (a scheme of 700 apartments will be home to over a 1,000 people), who live in large schemes whether they are gated or not e.g. some schemes provide public parks, through roads and pedestrian rights of way, but are still not regarded as providing “public utility and public access”.

The private management/maintenance of the public realm is separate to the need for service charges to look after the fabric of the building (its roofs, lifts, basement car park, and the private/semi private areas within schemes). In residential schemes there are private, semi private and public open areas. All those involved in the sector need to consider the layout and construction of services in the “public” public realm so that the private and semi-private areas can remain the responsibility of the owners while the financial and operational burden of the major items of infrastructure can become part of the system of “public urban governance”. This is the approach being espoused by Dublin City Council in recent guidance to developers of private apartment developments where planning applicants are asked to consider and identify services and areas within schemes which could be appropriately taken in charge by the City Council. Such decisions would ideally be made prior to development commencing.

Service charges have an impact on the affordability of apartments for private individuals the same issue affects social housing landlords who own apartments in private schemes. The national differential rent scheme which is used by local authorities as well as voluntary housing associations is based on income and is generally therefore below the economic cost of management and maintenance. The additional costs of service charges, which are not currently included in the rent subsidy systems used to help finance voluntary housing associations) needs to take service charges into consideration, if housing policies to achieve mixed tenure and social mix are to be achieved in their widest sense.

8.9 Quality Control - Role of Planning and Bonds

It is important that the housing market has confidence in the future marketability and sustainability of apartment developments. The completion of quality schemes is important in itself but it also affects the ongoing costs of maintenance. In relation to quality controlling the construction and completion of estates, the existing system of self-certification is not operating as comprehensively as was originally intended when it replaced building bye laws in the 1980s.

There has been much discussion recently about the need for milestone inspections to restore confidence in the quality of developments. Some form of retention money is seen as important so that developers have an incentive to complete schemes to an acceptable standard. Those involved in the private apartment sector: agents, architects and commentators including the Law Reform Commission see a role for the local authority in extracting and retaining bonds from developers as part of a planning and quality control process.

This proposal fails to recognise the inherent logic which made bonding operate effectively for schemes intended to become part of a system of public urban governance. An example might illustrate the issue more clearly:

- (a) A developer provides the local authority with a bond for a scheme that is to be subject to a system of privatised urban governance. There is no proposal to have the local authority take the scheme in charge. Nevertheless, the local authority extracts a bond from the developer for an amount which is based on the potential liability that could be incurred by the local authority under S180 Planning Act 2000.
- (b) The developer completes the estate to the satisfaction of the planning authority but not the owners. The developers believe the work is to the required standard for taking-in-charge and seeks the return of the bond. The bond is returned.
- (c) The owners refuse to allow the scheme to be vested. The developer allows the company to lapse and it is struck off. The owners hold the local authority responsible.
- (d) Alternatively the AOMC accepts vesting because the directors taking possession are the developer's original appointees. When the owners become directors they claim that the bond should have been retained by the local authority. They want the bond and want to know why the local authority returned it to the developer.
- (e) Alternatively the bond could be returned because the work is up to standard when the scheme is vested but some years later the scheme needs substantial capital investment due to a lack of maintenance by the AOMC. The owners want the scheme taken-in-charge by the local authority under S180. The developers claim they are not to blame, that the scheme was not adequately maintained. The owners have no sinking fund. The local authority has no bond and there is no recourse to the developer. Section 180 is silent on the taking-in charge of schemes that were up to standard on completion but which subsequently need work due to lack of maintenance.

These situations are typical of those arising, if anything they tend to down play the extent to which there are conflicts beginning to surface in the system.

8.10 Owners Retention could replace Developer Bonds

The use of a bonding system for private apartment developments could be seen as promoting the type of owner disempowerment already identified as a problem. By placing the local authority between the developer and the owners, the rights of the property owner are again usurped, albeit for the best of intentions.

There is a contract between each individual owner and the developer (although not between the owners collectively as an AOMC). There is no contractual relationship between the developer or the owner with the planning authority. Ideally the purchaser of an apartment in an unfinished estate should be legally entitled to retain some of the purchase money from the sale pending completion and vesting of the scheme. The money could be held by the new regulator or in an escrow account held by the vendors' solicitor. It could be held so that the AOMC needed to agree to its release after vesting when the owners themselves have become directors.

This would focus the developers' attention on the owners' desire to improve the timeliness of vesting, snagging and estate completion. It would address the balance of power between the owners and the developers. It would bring about a more regular purchaser/seller relationship than the current situation where owners pay 100% of the purchase money for an unfinished estate with only the most vague of assurances that it will ever be completed and vested in their AOMC. The balance of power between owners, agents and developers has led to the breakdown in trust between the parties and a culture of blame has developed on which the media have capitalised. There is a role for the local authority in relation to supporting owners to develop a sense of community in taking over control of their scheme but the balance of power also needs to be addressed in tangible ways.

8.11 Research Findings

In addition to its housing and planning roles the City is the authority for Fire, Roads, Water, Drainage and Waste Management, each of these areas is affected by the way private apartment developments are designed, constructed and managed. The research looked at many aspects of apartment living and considered the many roles of the City in relation to private apartment developments.

The physical survey undertaken by the City Council examined 193 private apartment schemes totalling 15,804 apartments selected at random throughout the city. It examined each scheme's physical characteristics, and assessed the effectiveness of its management company by reference to physical appearance. As well as the physical aspects of the schemes the survey examined the financial accounts filed by the apartment owners' management companies and tried to identify the developers and the managing agents (if any) engaged to manage the schemes for the owners. The survey was conducted in the Summer of 2006 by graduates and students from both planning and environmental health backgrounds. The financial review was undertaken in late 2006 and early 2007. In parallel with the physical survey external consultants Rubrikes undertook a qualitative assessment and provided a voice for the owners of some of the schemes surveyed.

8.12 Physical Survey

The physical survey looked at 193 schemes throughout the City Council's administrative area, the schemes surveyed are shown on a map in Appendix 2, the schemes that are red are the ones for which there was both a financial and physical survey. The ones shown as blue were not included in the financial survey.

(a) Size & Location

- Older schemes (built before 1986) tended to be located in outer city areas. All areas but particularly the City Centre area saw an increase between 1987 and 1997 (first urban renewal scheme).
- Many schemes surveyed were small; only 19 had more than 200 apartments, and 50 schemes had less than 25 units.

(b) Facilities

- Less than 50% of schemes provide adequately for people with disabilities.

- Less than 50% of schemes provide secure bicycle storage. Agents find that when occupiers bring bikes through internal areas it causes damage to lobby, stair and lift areas thus increasing service charges as well as being a nuisance for residents.
- Lobby areas tend to be carpeted and to have easily marked wall surfaces leading to higher than necessary revenue maintenance costs.
- Only 4 out of 84 schemes between the canals provided appropriately designed open space for children, compared to 46 out of 109 outside the canals. These schemes were built throughout the period 1974 to 2005 with little evident improvement in newer schemes. Three schemes had designated play areas and 9 had crèche facilities although not all were operational. Crèches with less than 40 spaces are not economically viable to commercial or community providers i.e. too small to fund staff costs. In addition the cost to purchase or to rent the space (usually not fitted out) for use as a crèche is too expensive to be attractive to small providers who might be interested in a small crèche. Developers do not see crèches as community gain they want market rent or capital prices, this combined with the inappropriate size makes them economically unviable.
- In 74 schemes there are less car parking spaces than apartments. In 59 of these schemes there was no on-street parking or the available on-street parking was part of a residential disc parking scheme. Apartment occupiers cannot use resident parking permits. (Table 5.3).
- Approximately 21% of schemes had a mix of commercial and residential uses.

(c) Gates, Janitors and Security

- Most of the schemes surveyed were gated but had vehicular although not security gates. The attraction of un-gated estates to planners and architects is not shared by owners who feel that gates deter opportunistic criminals. The researchers judged schemes based on their perceptions of personal safety. Underground car parks were seen by the researchers and agents as being the least safe areas within schemes. Schemes in locations that are regarded as “settled or better off” tend not to need gates. Areas which are already perceived as problematic in terms of crime, vandalism and anti social behaviour nearly always have gates; yet some of them were still not perceived as safe.
- Over 62% of schemes had CCTV and 11% had janitors. In 36% of schemes no security system was observed. Janitors are cost effective in larger schemes (over 100) as they improve compliance with house rules, control access, and reduce the need for 24/7 security. They also undertake litter picking and handyman type activities. Providing residential accommodation for janitors does not reduce costs. There is no culture or tradition of “live-in” caretakers in Ireland and reductions in wages to recognise the provision of accommodation is not an accepted practice here. Janitors can only operate if the scheme is designed to cater for their needs; storage, kitchen and WC facilities.

(d) Management and Maintenance

- Suburban schemes appear to be better cleaned and maintained than inner city schemes. Agents and owner occupiers relate this to the tenure of City Centre schemes however the tenure analysis shows there are no more rented units in the city area than in other areas. There is widespread concern that landlords as investors are disinterested in their tenants’ behaviour and that their main motivation is capital appreciation rather than ongoing revenue from rent income. Many owner/occupiers feel that landlords should pay an additional premium on service charges to compensate for the additional wear and tear caused by tenants. Most leases require owners to seek approval from the AOMC prior to using an apartment for renting, but this is rarely applied in practice.
- Dublin City Council collects waste from 70% of the schemes surveyed. Most schemes did not get the top rating for waste management provision i.e. secure, covered storage area, with access to wash down facilities, evidence of rodent control and no odours.
- The design and maintenance of communal open space areas was rated separately. The best way to ensure good maintenance ratings was good design, since spending did not have as big an effect as good initial design, since few schemes with low design ratings were give high maintenance ratings.
- Overall management was also rated. In all 55% of schemes received a good or very good rating. The percentage was higher in suburban schemes than in city centre areas.

(e) Noise

The main causes of noise pollution identified related to external sources such as traffic, pubs, fast food. Managing agents report that internal noise due to transmission of noise between floors and apartments is a constant source of complaint but this is not reflected in the level of complaints received by the local authority. This is perhaps due to people's perception that noise complaints are difficult to prove and that the success rate in achieving a reduction in noise is low - so people are less inclined to use the formal remedies.

(f) Fire Safety

There is a lack of clarity about fire safety in many schemes; this extends to owners, agents and developers, particularly in the period between occupation and vesting of common areas.

8.13 Developers Impact on Management and Service Charges

Developers use a range of agents and as owners take control after vesting and sometimes beforehand, they tend to change agents. There has been speculation in the media about linkages between agents and developers. Agents are quick to point out that most schemes have been managed by a number of agents since they were developed. Research shows that:

- Wyse manage 6 of the 7 schemes surveyed which were developed by Cosgraves.
- KPM manage 4 of the 9 schemes developed by Zoe/Danninger (although 1 of these was developed for DCC)

Of the schemes vested the most consistent transfer of communal areas is in the Cosgrave schemes whereas very few of Zoe/Danninger schemes had been vested.

The influence of design and construction on management is widely acknowledged. Ratings for management in areas such as lobby, drainage, open space and waste management were examined by reference to developer. Table 4.20 shows the number of schemes which were rated between 1 and 3 (5 being a good rating), 50% of schemes were rated poor to average.

8.14 Financial Survey

The financial survey provided the following information:

- Apartment Owners' Management Companies were located for 142 companies. (Table 4.3)
- 62 of the 142 had filed accounts for 2004 and 2005, so these were the only ones which could be examined in detail. Some schemes had filed abridged accounts or accounts which showed income and expenditure but no details.
- Of the 62 AOMCs in the overall survey approximately 88% were guarantee companies and 12% were limited by shares.
- It is a significant cause for concern that 2/3rds of schemes could not be included in the financial analysis because their accounts were not filed or their AOMC could not be located.

(a) Service Charges 1992 and 2005 (Table 4.15)

Service charge levels are affected by many things and in particular the characteristics of schemes including the extent of landscaping, number of lifts, pumps, underground car parking, lighting, location level of vandalism and unusual features. Expenditure of service charges vary from €925 to €2,535 depending on the type of scheme, the managing agent used and the level of service required. The average expenditure in schemes is €1,495.

The Irish Property Managers Association (now known as Irish Property Facilities Management Association) produced a report on service charges in 1992 for 75 apartment schemes and they found that the average service charge was €941 in 1992 prices.

The 1992 percentages are similar to the average percentage in 2005. What is most surprising is that the current income is much lower than would have been expected given that the average was nearly €941 in 1992 and is now €1,530 per unit per annum. (the 1992 money values have not been inflated to take account of time difference)

(b) Sinking Fund

- Contributions to sinking fund provisions are often shown as a separate item in the budget but it rarely appears as a line item in the accounts themselves. Usually the sinking fund is shown as transferred to reserves and is the difference between income and expenditure. The total expenditure for the 62 schemes was €7.8m compared to total income of €8m so the amount contributed to sinking funds was €181,164. On average this is €2,933 per scheme or €35 per unit. (Table 4.6)
- Sinking fund provision is on average 2% (€35) of total expenditure and the average cumulative sinking fund is 30% of total annual expenditure. The highest cumulative sinking fund amount was more than €2,000 per unit.
- In 1992 the amount set aside for sinking funds was 10% (€98), compared to 2% in 2005. In 2005 Repairs, Maintenance and Refurbishment average 19% (€283) compared to 10% (€95) in 1992. This seems to indicate that in 1992 owners were prepared to put more money aside for long term capital works whereas in 2005 the spend on sinking fund has decreased from 10% to 2% while R&M has increased from 10% to 19%. The net result is that in 1992 repairs and maintenance plus sinking fund was 20% whereas in 2005 the same items are 21% (19% plus 2%).
- The average figures include schemes which had a surplus or deficit. The average sinking fund per unit for schemes with a surplus was €137 compared to an average unit deficit of €204 in schemes with a deficit. In some cases where sinking funds were not built up slowly, levies are raised in one year and spent in the next. This results in a deficit in Year 2 following a surplus in the Year One when the levy was raised. Managing agents think the sinking fund provision should be in the region of €350 to €420 per unit per annum (21% to 27% of total expenditure). This view is based on a relatively straight forward scheme with around 100 units which has a surface car park rather than an underground one and has no CCTV or pumps and one which is not subject to undue vandalism.

(c) Insurance

Insurance charges are the most volatile item of expenditure and the average for 2004 was 24% of expenditure compared to 16% in 2005 (Table 4.7). There are risks associated with both high and low insurance charges. The highest unit insurance charge was €661 and the lowest was €71 (Table 5.23 and 5.24). The factors which affect premiums are re-instatement value, claims history, excess levels, and competitiveness of procurement process. In 2005 the average insurance cost per unit was €235 (16%) compared €115 (12%) in 1992.

(d) Cleaning

Spending on Cleaning in 1992 was 12% of service charge or €113 whereas in 2005 it is 15% or €231; this probably reflects wage increases more than the cost of materials, or quantity of service provided.

(e) Electricity

In 1992 energy costs averaged €80 per unit or 8% compared to €120 or 8% in 2005. It is likely that this reflects the increased use of energy efficient systems rather than a reduction in the unit costs of electricity. Energy usage is affected by the efficiency of lighting systems inside and outside, and in particular underground car parking areas and corridors without natural light. While the average spend on electricity is €120 the range extends from less than €60 to more than €360 per unit (Table 5.11). Lifts and the number of blocks and the extent of landscaping areas with outdoor lighting affects unit costs. Underground car parks are usually not billed using domestic tariffs and this affects energy costs too.

(f) Lifts

In 1992 lifts averaged €54 or 6% compared to €67 or 4% in 2005. Most schemes use annual lift maintenance contracts which include 4 hour turnarounds for repairs because there is usually only one lift per block. The reduction in costs reflects improvements in technology which make lifts more efficient and less expensive to repair. The number of units sharing lifts significantly affects costs.

(g) Landscaping/Grounds Maintenance

In 1992 landscaping averaged €69 or 7% compared to €97 or 6% in 2005. The average spend on landscaping in 2005 is €88 based on 62 schemes. However, not all schemes showed it as a separate item. The average for the 46 schemes which showed grounds maintenance as a separate cost was €98 and this ranged from less than €25 to over €392 per unit per annum (Table 5.7). However spending did not appear to be the most influential determinant of quality, the survey showed that spending was less important a factor than the quality of design (Table 5.5).

(h) Security

Spending on security in 1992 averaged €82 or 9% compared to €110 or 7% in 2005. The most efficient way to reduce security costs is to have a 9 to 5 janitor who will reduce the number of security shifts required and will undertake litter and handyman type activities and help to enforce house rules and control access for day time visitors.

(i) Administration and Agents Fees

In 2005 Managing Agents' fees averaged 11% (€178) (Table 4.8) of total expenditure i.e. approximately €3.50 per week. Agent's fees in 2005 varied from €102 to €300 per unit per annum (Table 4.12). In 26 schemes managing agent fees were between 11% and 15% of expenditure and in 10 schemes managing agency fees were greater than 15% - usually smaller schemes and in 17 schemes managing agents fees were less than 10% (Table 5.20). In 1992 the survey did not show separate figures for management fees instead it had a heading called administration and another called sundries.

On the assumption that administration included items such as filing fees, auditors, legal and agents fees including after hours service a comparison between 1992 and 2005 shows that in 1992 agents and administration cost on average €198 or 21%. The same items in 2005 are €244 for administration (16%).

(j) Sundries

In the 1992 survey there was an item described as sundries valued at €37 or 4%. On the assumption that the items omitted from the detailed list such as waste management, emergency lighting were included in sundries, the comparison with 2005 is €123 or 8%. The average cost of waste management is €144 based on 41 schemes (Table 5.15); the range extends from less than €72 to greater than €432 per unit per apartment (Table 5.14). The average spend on gates among schemes where it is a separate item is €31 per unit per annum, although the range extends to over €248 per unit per annum.

(k) Debtors & Other Owner Issues

- Debtors represent 16% of expenditure (Table 4.8). The value of debtors varies from less than €1,000 to over €25,000. Guarantee companies are most unlikely to be able to secure overdraft facilities so non-payment by owners will result in cash flow problems and will quickly affect services including auditing. The first action which a company will take if there are cash flow problems will be to use the sinking fund, once this is depleted the services will certainly be affected and there is already evidence of companies who have been struck off in exactly such circumstances.
- Approximately 50% of the schemes surveyed had developer directors and of these 15 were incorporated prior to 1997 so there can be very little reason for the vesting not to have taken place by now.
- Two firms of auditors were shown in the accounts as the auditors for 24 of the 62 schemes.

Non-compliance with house rules and the terms of leases, poor landlord/tenant behaviour all contribute to a vicious cycle of dissatisfaction and disempowerment which leads eventually to non-payment of service charges and transient use of apartments as investments not homes. To break this cycle requires more than regulation of agents, it requires the regulation of the management company and support for owners to strengthen their position and empower them to take control of their property.

8.15 Tenure Analysis

The ratio of rented units to owner occupied units is widely regarded by owners and agents as a good indicator of how easy and cost effective a scheme will be to manage.

There are 5,236 apartments in the 62 schemes, included in the financial survey, and of these 23% are rented. Most (79%) at market rate (i.e. without rent subsidy). There are 238 SWA units in the schemes surveyed, they are clustered in areas such as City Centre (30%) and the outer suburbs (NOC 32 % and SOC 24%). The lowest number of SWA units was in the South Inner City (1%).

Of the 77% which are owner occupied, just 3% (105) 2% are affordable or shared ownership; the other 3,932 were purchased at market rates and appear to be owner occupied. The highest proportion of owner occupation occurs in the City Centre and South Inner City.

Appendix 1 - Survey Form

Apartment Complex Survey

1.0 Apartment Details

Name of Complex:
 Address of Complex:
 Area
 Management Company
 Management Agent
 Land Use: Residential [] Retail [] Offices [] Mixed []
 Area Type: Suburban [] Inner city []
 Multi-culturism/Nationalities: Yes [] No []
 Dominant tenure: LA [] O/O [] PR [] MT []
 Dominant house Type: APT (PB) [] APT (converted) []

2. Access & Car Parking Design

(a) Can pedestrians gain access to the complex without knowing codes or having keys?
 Yes [] No [] If yes, please describe public access routes;
 (b) Would you describe the development as gated? Yes [] No []
 Car-park: Underground [] Surface [] Number of car spaces: []
 If underground, what type of ventilation is present? Passive [] Mechanical []
 Is underground well lit? Yes [] No []
 Is it possible for the general public to gain car access to the complex without knowing codes or having keys? Yes [] No []
 Is there an underground floor used for another purpose? Yes [] No []
 If yes, state the purpose of this floor: Waste [] Storage [] other _____
 (c) Is car park gated? Yes [] No []
 If yes: Electric/auto [] Manual [] Gate keeper [] Combination []
 (d) Is access road; Level [] Non-level [] Sloped-steep [] Very steep []

3. Building Details & Design

How many units [] Blocks x [] Floors x []
 External finish of Buildings finished? Brick [] Plaster [] Timber []
 Brick & Timber [] Brick & Plaster [] Other [] _____
 (b) Does car park have separate exit and entrance route? Yes [] No []
 Does it exit onto busy road? Yes [] No []
 Access/exit road provides for queuing? Yes [] No []
 Is visibility to public road good? Yes [] No []
 (c) Dominant window type? Double-glazed [] Single-glazed [] Timber [] Upvc [] Other____
 Windows open? Yes [] No []
 Windows allow for cleaning by residents? Yes [] No []
 (d) Balconies & Terraces
 Balconies? Yes [] No [] If yes; Front [] Back [] Both []
 Balconies overlook: common area [] private gardens in complex []
 other balconies [] other apartments [] public road [] other [] _____
 Terraces: Yes [] No [] If yes; Front [] Back [] Both []
 Overlooking: common area [] private gardens in complex [] other
 balconies [] other apartments [] public road [] other [] _____
 (e) Heating What type of fuel is used for heating?
 Gas [] Electric Storage [] Other [] Please specify____
 (f) Provisions for Disabled Are there lifts in the buildings? Yes [] No []
 How many units share same lift? ____
 Do lifts provide access to all floors in the complex Yes [] No []
 Rating of for disabled access (1-5 Score): _____
 Ramps/Electric ramp [] Wide doors [] Sloped Access [] Low Handles/
 keypad [] Access to waste mge area [] Comment: _____
 Hindrances to disabled users? Steps [] Narrow doors [] Handles too high [] Bins too high []
 Other []

Appendix 1 - Survey Form

(g) What Clothes Washing & Drying facilities are provided? Private [] Communal []
 Balconies/terraces used for drying clothes? Yes [] No []
 Is this visible to others in nearby streets/apartments? Yes [] No []
 Is there a designated bicycle storage area? Yes [] No [] Locked shed [] Bicycle rack []
 Location _____
 Creche in the complex? Yes [] No []

4. Open Public Spaces & Design

(a) Landscaping
 Size of green area relative to number of units in complex []
 Is land formation flat or contoured? []
 Approx height relative to public street lights [] is there spill over from public lighting? []
 Maturity & Diversity? (1 to 5) []
 (b) Seating area [] Overlooked [] Well Lit [] Good use of space? Rating 1-5 []
 Suitability for children 1-5 [] Designated Childrens area [] Rating 1-5 []
 (c) Are entrance ways well lit? Yes [] No []
 Is there lighting or open public space? Yes [] No [] Number []
 Lights broken? Yes [] No [] Number []
 Is light predominantly decorative or is area well lit with minimum dark corners?
 Decorative [] Security []

5. Maintenance & Management

Is there evidence that the windows are cleaned regularly? Yes [] No []
 Description of internal common areas (lobby) observed: Rating 1 to 5
 Glass [] Lighting [] carpets [] walls [] Mail [] Furniture []
 Describe how well maintained the external appearances of the buildings are (Note if there is graffiti and the type of graffiti, litter, broken gates, damaged trees, lights, bollards, etc)
 Paint work looked after [] No graffiti [] No litter [] No damaged property []
 (Rating 1-5)

Landscaping (Rating 1 to 5)
 Weeds [] Thriving [] New planting as well as original [] Edges looked after [] Plants stacked & pruned []
 Who carries out landscaping for the complex? Residents [] Agents []
 Over all rating of landscaping [average of the above three (1-5)] []

Fire and Safety (Rating 1 to 5)
 Is a fire alarm visible Yes [] No [] Location _____
 Is a fire assembly point indicated? Yes [] No []
 Location: _____
 Are internal fire extinguishers provided? Yes [] No []
 Location: _____
 Fire hydrant provided? Yes [] No [] Location: _____
 Is an evacuation notice displayed? Yes [] No [] Location: _____

Security (Rating 1 to 5) Evidence of security? Yes [] No []
 Is there CCTV in the complex? Yes [] No [] Where is it monitored? Internal [] External []
 Security guard on-site? Yes [] No [] Caretaker? Yes [] No []
 Private alarms in individual apartments? Yes [] No []
 Do the following areas feel safe? Open space Yes [] No []
 Communal space Yes [] No [] Car park Yes [] No [] Rating [1-5] _____

f) Drainage (Rating 1 to 5) Blocked drains [] Strong odour/smell [] Blocked Surface gullies []
 Downpipe leading to gully [] Overflowing [] Overall Maintenance and Management Rating (1-5) []

The drainage survey related to the internal system within the complex and not the main drainage system.

Appendix 1 - Survey Form

6. Waste Management (Rating 1 to 5)

(a) Do any of the following collection companies service the complex? Dublin City Council (DC)

Eurowaste [] OZO []

Greenstar [] Other [] _____

(b) Does Oxigen collect from complex? Yes [] No []

(i) Type of recycling facilities; Newspaper [] glass [] cans [] plastic [] cardboard [] organic []

Dry-Recyclables [] other [] _____

Dumping: Household [] White goods []

(ii) Household Bins: Nos.of bins: [] x Capacity Per Bin [] Total Capacity [] v Ideal []

Capacity Score Household (1-5): _____

Green Bins: Nos [] x Capacity [] Total Capacity [] v Ideal [] Capacity Score Green (1-5): _____

(iii) Management: Smell [] Rodent Control [] Lids on bins []

Designated enclosed area [] Wash-down facility [] Comment _____

Overall Rating of waste management (average of above three) (1-5):

7. Parking Facilities

Is there on site car parking? Yes [] No [] If yes

How many spaces [] Apts [] Were there abandoned vehicles in the car park? Yes [] No []

Is there evidence of vandalism? Yes [] No []

If yes, please describe _____

Designated Visitor Parking: Yes [] No []

Street Parking on adjoining streets? Yes [] No [] Free [] Disc []

If disc, please indicate: Day: Mon – Fri [] Mon – Sat [] Mon - Sun []

Time: 24hrs [] 7am – 7pm [] 8am – 6.30pm [] other [] _____

Colour Red [] Green [] Orange [] Yellow [] other [] _____

8. Miscellaneous

(a) Is there retail units below apartment complex: Yes [] No []

If Yes, Is there a commercial delivery area in;Complex carpark [] Loading bay outside complex []

If in complex carpark, what types of activity occurs? (Please provide names of traders)

Number of commercial premises:

Type of commercial premises: Offices [] Retail [] Fast-food [] Video [] Betting shop []

Off-licence [] Other [] _____

(b) Residents turnover: Are there apartments in the complex which are for sale or rent?

Sale [] Number [] Rent [] Number []

Are there many commercial properties for sale or for rent in the complex? Yes [] No [] Number []

Sale [] Rent []

Name of letting agent:

Name of selling agent:

(c) Are there any considerable internal noise issues in the complex (i.e. noise from lift shafts, noise from commercial premises, [] _____

Are there any considerable noise issues external to the complex Busy road [] Nearby construction []

Near nightclubs/pubs [] Fast-food outlets [] Off licence [] Other [] _____

(d) Is development completed? Yes [] No []

Approximate age/date of completion: 10 years+ [] 5 years+ [] less than 5 years []

Is there space for more development? Yes [] No []

If yes, please describe. _____

Additional notes: _____

Appendix 1 - Survey Form

Office Work

Planning File (Attach location map) Planning Application Reference Number: _____
Date permission was granted:(Photocopy of permission) Any enforcement issues: _____
Property Management Details
Management Company Name: _____ Company Secretary: _____
Registered Offices: _____ Company Number: _____ Management Agent: _____
Who maintains the landscaping for the complex? _____ If CCTV is present in the complex, who monitors it? _____ Certification for Lifts _____
Demographics Number of people living in complex: _____ Number registered to vote : _____
Number of apartments in complex: _____ 1-bed _____ 2-bed _____ 3-bed _____ Penthouse _____ Other (Specify _____
Fire and Safety Are there a fire safety cert for the buildings? Yes [] No [] If yes, who has possession of the cert/s? _____
Public Spaces Name of the nearest public park? (Also identify any nearby green spaces.)
Noise: Is there a Certificate of Noise Insulation? Yes[]No[] Noise issues identified by DCC:
GIS reference details: _____
Waste Management issues identified by DCC _____ Environmental issues identified by DCC _____
Local schools: _____ Local library: _____
Owners/Landlords: _____ How many rented units registered with the PRTB? _____
RAS? Yes [] No [] If yes, how many? _____ SWA tenants? Yes[]No[] If yes, how many? _____
Part V? Yes [] No [] If yes, how many? _____ VHA? Yes[]No[] If Yes, how many? _____
Affordable Housing? Yes[]No[] If yes, how many? _____

Date of 1st Inspection: [_____] Signed: _____
Date of 2nd Inspection: [_____] Signed: _____



Appendix 2 Map of City Showing Schemes Surveyed



Appendix 3 - Discussion Document

Multi-Owned Apartment Developments A Fire Services View

Contents:

Introduction

Background and Trends

The Current Control System and Its Limitations

Recommendations

*Appendix A - Ongoing management and maintenance issues
(Requiring formal control by or on behalf of the Apartment Owners' Management Company)*

Appendix B - Some clarification, elaboration and discussion of the issues that arise.

Dublin Fire Brigade
Townsend Street
Dublin 2

March 2007

Multi-Owned Apartment Developments

A Fire Services View of Issues that Arise

Introduction

Apartment living is still a relatively new experience in this country and brings new challenges and problems which have not previously perhaps had any impact on the way we organise or lives and get things done.

This is recognised by government and various agencies that are actively working in this area to produce legislation and guidance for the smooth and efficient organisation and management of these new residential environments.

Some of the groupings looking at this area are:

- The Company Law Review Group - (looking at how residential management companies are organised)
- The Law Reform Commission (Consultation Paper: Multi Unit Developments (LRC CP 42-2006))
- The Office of the Director of Corporate Enforcement (Draft Guidance on the Governance of Apartment Owners' Management Companies)
- The Local Authorities generally along with The Local Government Management Services Board.
- Along with the Dail itself and a number of government departments including:
- Department of Justice Equality and Law Reform (Preparation of: Working document for consultation purposes "General Scheme of Property Services Regulatory Authority Bill 2006)

This is the context in which this initial draft report was prepared on behalf of Dublin City Council Fire Service as prepared to consider the issues arising in connection with apartment buildings in relation to the provision of Fire Services and Fire Safety generally so that any pertinent issues can be considered/ included in any proposed legislation, regulations or guidance.

Background and Trends

It would be no exaggeration to say that the design of apartment blocks generally from a layout point of view is governed to a significant extent by a consideration of matters of fire safety. To this end unlike the private dwelling house all new apartment developments are required to seek and obtain a fire safety certificate (under Building Control Act, 1990 (No 3 of 1990) and Building Control Regulations, 1997 (S.I. No.: 496 of 1997)) in advance of construction and to carry out such construction in accordance with the provision of the approved design subject to any condition which may be imposed.

Apartment building designs can be complex. This is because several individual residential units are built in close proximity to each other sharing common escape routes and with an array of normal services which must pass from one area to another right down through the building giving rise to several potential points of weakness for the spread of fire and smoke from one unit to another or into the escape route(s).

In addition the apartments might be part of a larger complex, which includes other uses such as crèches, retail units, offices assembly or leisure uses including car-parks etc, which are subject to completely different commercial pressures than the residential unit themselves.

In recent years there has been a great increase in the use of new and proprietary building techniques and new building materials and a tendency for residential blocks to get higher and higher, and for the development itself including the internal roadways to be within secured enclosures.

Each apartment generally includes cooking facilities and to a large extent the degree to which fire safe practices are followed in this regard or indeed what goes on generally in any particular apartment from a fire safety point of view is known only to the occupier of that particular apartment.

All of these factors give rise to complex designs that rely for fire safety on features that are in themselves complex and require to be managed and maintained by specialists.

Not only are the fire safety systems complex but there can be a complex relationship between the apartment owners and other stake holders in the overall development.

There exist a greatly heightened need therefore for matters of fire safety to be actively pursued to an extent over and above that which might apply in a traditional private dwelling house.

These are matter that cannot be attended to by individual tenants (although each tenant has a role to perform in co-operation with the fire safety management regime and indeed a duty to conduct themselves in a fashion that does not give rise to unacceptable fire risks for themselves or their neighbours).

It must be understood that the existence of these complex building developments depends on the provision of these complex fire safety systems and without which these buildings would simply not be allowed.

- But who is managing and maintaining these systems?
- Is the management company or their agent competent to do so?
- Are they even aware that they are obliged to do so?
- What control measures are there when something goes wrong?
- Is there a clear understanding of who is responsible for what?
- Is there an identifiable single entity with which the regulatory authorities can interface?

For the most part the individual occupier is unaware on a day to day basis of these matters but the occupiers collectively carry the responsibility to ensure that these matters are being properly attended to on an ongoing basis.

It is against such a background that effective fire safety strategies must be built into the management of such buildings and into the maintenance of the complex fire safety features incorporated in their design.

The Current Control System and its Limitations

The Local Authority through its function as the Building Control Authority receives and adjudicates on, fire safety certificate applications for proposed developments in its functional area.

These applications are considered by and processed by the Fire Prevention Section of the Fire Services /Fire Authority. An application can be granted, refused or granted with conditions, (the appeals in relation to decisions are made to An Bord Pleanála).

Effectively the Local Authority in granting a fire safety certificate agrees that a particular building if built in accordance with the design as expressed in the fire safety certificate application documentation for the proposed building subject to any conditions attached is adequate from a fire safety point of view. Thus the layout of the proposed building is normally agreed with the local authority on foot of the fire safety certificate in advance of construction and enforcement measures are available to the local authority under the Building Control Legislation.

The designs for multi-unit residential developments normally include several fire safety features which when included in the development require to be maintained and managed into the future. While the fire safety certificate application process does not normally concern itself with management issues it is nonetheless implicit that much of the proposed design relies heavily on such management and maintenance. In addition enforcement of fire safety matters including management aspect of same can be pursued by the local authority under the Fire Services Acts 2003.

But when it comes to enforcement the fire authority can experience practical difficulties in exercising its authority.

Who should it communicate with? Trying to enforce overall building requirements with a large collection of individual tenants is just not practical. Indeed even arranging access to many of the individual apartments is enormously cumbersome and many of the occupants may just be not contactable.

It can be difficult to communicate in a meaningful way with a management company that is not properly organised. Indeed the management company may not be adequately resourced and may be effectively unable to gather funds from its members. Many of the members may be quite disinterested in the management company business on a day-to-day basis and there simply may not exist the desire to interface or negotiate in a meaningful way with the regulatory authorities.

This situation presents an obvious major problem for the regulatory authorities especially an emergency services such as the fire service which has a safety role.

The expectation therefore is that whatever controlling legislation is brought forward that it would include the following recommendations:

Recommendations

The responsibility for fire safety of all multi-unit apartment developments to be vested in the management company:

- Which should be readily identifiable and have a readily identifiable address both of which details should be prominently displayed at the development.
- The fire safety responsibility of the management company should be clearly set out in writing. (Refer to Appendix A of Fire Services Discussion document attached.)
- All matter pertinent to fire safety (Refer to Appendix A attached.) for the overall building to be maintained in a dedicated section of the safety file for the development which can be easily inspected by interested parties including the fire authority within one week of a formal application to do so.
- The management company shall estimate what funds are required to discharge all of its fire safety functions and ensure that such funds are levied from its members and available when required.
- The management company shall facilitate the fire authority in carrying out inspection of the buildings (either common areas or the apartments themselves) at all reasonable times.
- The management company shall maintain an up to date Fire Safety Register in respect of all aspects including maintenance of specific fire safety systems at the development, and such register shall be easily inspected by interested parties including the fire authority within one week of a formal application to do so.
- The management company shall make its officers or agents available to assist and interface with the fire authority in relation to all matter of fire safety.
- Statutory notices under the fire services acts 2003 or other legislation shall be deemed to be served on all or any owner or occupier if served on the management company and the management company shall assume responsibility of the owner or occupier in that regard.
- The management company may appoint a management agent to assist in the discharge of its fire safety responsibilities and it shall have regard to the competency of such agent to do so.

- Where a management company is appointed its name address and contact details shall be prominently displayed at the development also.
- Each management company shall be required to prepare a pro-forma fire safety management schedule dealing with each of the items in the attached Appendix A entitled “Ongoing Management and Maintenance Issues requiring formal control by or on behalf of the Apartment Owners’ Management Company” (AOMC) and where a specific item does not apply a statement to this effect shall be included in the schedule.
- The same provision shall apply where a development does not use the AOMC legal model in that the legal body or bodies that owns the development including landlord(s) where applicable shall assume all the responsibilities and duties referred to above in respect of an AOMC.

Appendix A

Issues that arise in Multi-Unit Apartment Developments A Fire Services View and Discussion Document

Ongoing Management and Maintenance Issues - Requiring formal control by or on behalf of the Apartment Owners' Management Company (AOMC) or other similar bodies responsible for management of apartment developments.

- Site Access
- Fire Detection and Alarm System,
- Emergency Lighting System,
- Dry Risers, Wet Risers, Inlet Breechings, and Landing Valves etc.,
- Fire Fighting Shafts and Lifts.
- First Aid Fire Fighting Equipment including hose reels (if provided/ required)
- Staircase Ventilation,
- Sprinklers Systems (if provided)
- Participation in fire safety Instruction and drills/ evacuation procedures and information to tenants,
- Security systems on access doors,
- Control of common areas, (No colonisation or storage etc.),
- Management of & maintenance of furniture and equipment in community facilities,
- Measures to control opportunistic illegal parking that may hinder access,
- Control of deliveries and delivery vehicles,
- Maintenance of Signposting and Way-finding measures to assist fire fighting,
- Maintenance and signposting Hydrants and Water Supplies,
- Fire safe management of waste disposal,
- Control of New Works, e.g.: extensions, material alterations etc.,
- Managing the responsibility of other tenancies (e.g. retail units, offices etc.),
- Special provisions: e.g. smoke control systems etc.,
- Access to apartments for fire safety maintenance,
- Periodic auditing and reporting of fire safety management issues and the keeping of a suitable fire safety logbook,
- Maintenance of Fire Safety Certificate Application Documentation, for reference of management agents/ inspection by tenants etc.,

Some clarification/ elaboration of the issues above is contained in the following pages.

Appendix B

Issues that arise in Multi-Unit Apartment Developments A Fire Services View and Discussion Document

Clarification, elaboration and discussion of the issues that arise in connection with ongoing management and maintenance issues. Requiring formal control by or on behalf of the AOMC or other similar bodies responsible for management of apartment developments.

Site Access

Many residential developments are contained in a secured enclosure which if not properly designed in the first place and subsequently managed can give rise to delays in delivering emergency fire service to the development.

Very often indeed these measures are introduced by the management company after/ outside of the fire safety certificate application process and normally without any consultation with the Fire Brigade.

Naively some management companies seek to supply the local fire station with keys or codes to the gates but this is unworkable for the fire services for obvious reasons of logistics.

Rather the design should be arranged so as to readily and simply over-ridden by the fire services when they arrive on site without reliance on other persons or systems and should be arranged to fail to the open position (or easily pushed open) on electrical power failure also. These systems if not properly designed can also present a problem for persons wishing to leave the compound also. There should be a clear understanding and written description of:

- How the system works
- Who maintains it and when
- Who should be contacted for immediate repair if the system goes wrong
- In addition it should be established that the gate system is approved by the fire service.

Fire Detection and Alarm System,

Virtually all multi-unit residential developments include a fire detection and alarm system. Some may have a 24 hour management presence on site such as caretakers/janitors and others may not. Some development may be single blocks others may have many blocks, types of structures and forms of tenancy and use.

The fire detection and alarm system can be a simple manual system with only manual call points in the common areas (break glass units) and sounders in the apartments or it can be a much more elaborate fire detection and alarm system comprising for instance:

- Early warning to all the apartments of a fire in any one of the apartments
- Early warning to all the apartments of a fire in the basement car park or storage area or communal facilities
- Early warning to all the apartments of a fire in a non residential area (retail units, offices crèche, hotel)
- An alert signal to other blocks of a fire in a sister block in the same development
- Early detection in stairway or corridors to open automatic opening vents or operate automatic smoke control measures
- Or a combination of the above

Whereas smaller older traditional built apartment blocks usually only included a manual fire detection and alarm system it is more usual for the modern larger developments to include a full blown fire detection and alarm system usually with some early detection and warning in the apartments themselves and in the circulation areas. In such systems it is desirable that remote indicators be provided over apartment entrance doors to assist the fire brigade in locating the apartment where a fire may have occurred.

There should be a clear understanding and written description of:

- The extent of the system and how it works
- Who maintains it and their competency to do so
- When is maintenance carried out, and provisions for arranging access
- Who should be contacted for immediate repair if the system goes wrong.
- In addition details of what was agreed for the fire detection and alarm system at fire safety certificate stage should be kept available for consultation
- In addition it is desirable that the management company retain the right of entry into individual apartments to carry out effective maintenance on the equipment (detectors and sounders) and in the interest of avoidance of false alarms and nuisance to the occupants of other units.

To avoid confusion it should be pointed out that most individual apartments will in addition require to be provided with a mains powered a smoke /heat alarm system for the protection of the occupants of that particular apartment only. While such system should in addition be the subject of suitable maintenance this is not required for the safety of other occupants of the overall development and it is not envisaged that the management company would have any role in ensuring the maintenance of these separate systems which would normally be the responsibility of the individual occupiers. It would be useful best practice for the management company was able to offer such a service to its members.

Emergency Lighting System,

Virtually all multi-unit residential developments include an emergency lighting system usually only to illuminate the common escape routes (corridors and stairways).

Emergency lighting along with exit signposting illuminated in emergency lighting is generally required from accommodation such as basement carparks or other ancillary accommodation.

Except in the case of complex circulation layouts and at exit level of stairway that extend down to lower levels it is generally not necessary to provide exit signposting in apartment developments.

There should be a clear understanding and written description of:

- The extent of the system and how it works
- Who maintains it and their competency to do so
- When is maintenance carried out, and provisions for arranging access
- Who should be contacted for immediate repair if the system goes wrong
- In addition details of what was agreed for the emergency lighting system at fire safety certificate stage should be kept available for consultation.

Dry Risers, Wet Risers, Inlet Breechings, and Landing Valves

Usually only the larger multi-unit residential developments include wet or dry riser installations. These or provisions installed in tall or otherwise inaccessible building to obviate the need for fire fighting personnel to drag heavy water charged hoses up through the building to carry out fire fighting operations.

In the case of wet risers (usually only tall or inaccessible developments) a detailed maintenance programme is necessary for this sophisticated fire fighting equipment and must be carried out by competent specialists.

In the case of dry risers too a modest amount of maintenance is required to ensure that for instance the inlet breeching is not vandalised and that the landing valves have appropriate blank caps secured by a leather strap or similar.

There should be a clear understanding and written description of:

- How the system works
- Who maintains it and their competency to do so
- When is maintenance carried out, and provisions for arranging access
- Who should be contacted for immediate repair if the system goes wrong
- In addition details of what was agreed for risers at fire safety certificate stage should be kept available for consultation

Fire Fighting Shafts and Lifts.

Here again this is a provision that is normally only associated with taller or relatively inaccessible buildings and includes a series of features collectively referred to as a “Fire Fighting Shaft” which forms a bridge head for conducting fire fighting operations.

It normally includes a protected stairway and protected approach lobby enclosed in 2 hour fire resisting construction (in apartment building the fire fighting lobby may be the normal lobby required for the protection of the escape stairway in taller buildings) along with a dry or wet riser a fire fighting lift and specific ventilation provisions from both the stairs and the lobbies at each level.

There should be a clear understanding and written description/drawing of:

- How the fire fighting shaft is arranged including location and rating of fire doors, provision of vents to assist fire fighting and location of landing valves.
- Whether a fire fighting lift is provided/ required and who maintains it and their competency to do so,
- When is maintenance carried out,
- Who should be contacted for immediate repair if the system goes wrong,
- In addition details of what was agreed for the fire fighting shaft at fire safety certificate stage should be kept available for consultation.

First Aid Fire Fighting Equipment Including Hose Reels (If Provided/Required)

The provision of first aid fire fighting for the use of the occupants is not governed by the building control regulations but its provision is considered desirable in all instances where vandalism would not be likely.

Clearly the management company needs to consider what provision is appropriate for the development in question and this may in some instances be the provision of such equipment within the individual apartments themselves or in the common areas in other developments. Whatever approach is adopted it is necessary for such equipment to be properly maintained and it is necessary for the management company to make and manage the necessary "house rules" to address this issue.

Hose reel installations are not often employed in the accommodation levels as their inappropriate use can give rise to fire doors being held open by the hose and the creation of a trip hazard, however the provision of hose reels in basement car parks is common and these require to be maintained in accordance with the installation standard for the hose reel (BS 5306 Part 1).

There should be a clear understanding and written description of:

- What first aid fire fighting equipment is to be provided and where,
- What arrangements are made to access it for maintenance,
- Who maintains it and their competency to do so,
- When and how often is maintenance carried out,
- Who should be contacted for immediate replacement if an extinguisher is used or damaged or a hose reel damaged or found to be faulty.
- In addition details of what was agreed for hose reels if any at fire safety certificate stage should be kept available for consultation.

Staircase Ventilation and Automatic Opening Vents in Lobbies

The ability to ventilate stairways is an essential part of fire fighting operations at residential buildings. For stairways this normally this will take one or other of two forms:

The first being the provision of openable vents at every level in the stairway including at high level at the top of the stairway enclosure, or,

The second being the provision of a high level automatic opening vent at the top of the stairway that is opened on activation of smoke detectors in the stairway enclosure and is additionally manually openable by fire man's switch at the entrance level.

The third method of provision namely pressurisation is less common.

There are other locations where automatic opening vents are required (to assist means of escape and fire fighting operations) in taller building or where certain travel distance restrictions are exceeded and these too need to be properly managed and maintained.

Some of these systems may include dedicated smoke shafts up through the building that rely upon on a sophisticated system of automatic opening vents that open into the shaft at the affected level only thus preventing smoke contamination of other floors.

Other schemes rely upon sophisticated pressurisation systems to maintain a positive pressure in the stairway and thus prevent smoke from entering in the event of a fire.

There should be a clear understanding and written description of:

- How the stairway ventilation is proposed to work, (auto venting, openable vents or pressurisation etc.)
- How the lobby ventilation if any is proposed to work,
- In the case of an automatic systems who maintains them and their competency to do so,
- When is maintenance carried out and recorded,
- Who should be contacted for immediate repair if the system goes wrong,
- In addition details of what was agreed for stairway and lobby ventilation at fire safety certificate stage should be kept available for consultation.

Sprinklers Systems (if provided)

Except in taller residential building designs the provision of sprinklers is not common. However with the trend towards an increasing use of high rise design this is likely to change in the future.

Designs may comprise a single system throughout the residential development or may comprise a discrete domestic sprinkler systems specific to each apartment. (In mixed use developments designs may include sprinkler protection to the commercial or high fire load density occupancies without sprinkler protection to the apartments themselves).

These systems will normally be provided for the protection of the overall building and its occupants and as such requires to be properly maintained by the management company. Clearly the proper maintenance of such systems would require access to the individual apartments where the system extends to the apartments.

In mixed use developments there exists an added level of complexity in respect of the relationship between those managing the non residential areas and the apartment owners the management company.

Whatever the design such systems are sophisticated and require to be maintained by specialists.

There should be a clear understanding and written description of:

- How the system works
- Who maintains it and their competency to do so
- When is maintenance carried out, and provisions for arranging access
- Who should be contacted for immediate repair if the system goes wrong
- In addition details of what was agreed for the sprinkler system at fire safety certificate stage should be kept available for consultation

Participation in Fire Safety Instruction and Drills/ Evacuation Procedures and Information to Residents

It is normally not practical or possible to ensure that all occupants attend and participate in fire safety instruction or drills, but this is an issue that the management company requires to deal with nonetheless. At the very least the management company requires to provide all its member with information in relation to:

- good fire safety practices and housekeeping including:
 - No storage in common areas
 - Waste to be disposed of properly in designated areas only
 - Fire doors shall not be interfered with nor wedged open
 - Prohibition on parking in designated fire appliance access and set down areas.
- What to do in the event of an activation of the fire alarm
- What to do if they discover a fire
- Brief description of all the fire safety features incorporated into the building
- Instruction in relation to location and use of fire fighting equipment
- Co-operation with the fire safety management regimen for the building
- Check out and be familiar with escape routes from the building,
- Any special "house rules"
- General fire safety (chip pans, portable heaters, smokers materials, equipment maintenance, especially smoke alarm system, electric blankets etc)
- Advice concerning the fitting of locks on apartment entrance doors, (see 18.8 of BS 5588 Part 1 and commentary in next section hereunder)
- The need for access to apartments for essential system maintenance
- Other issues See section 40 of BS 5588 Part 1

Appropriate fire safety advice pertinent to the particular residential development to be prepared in writing and to be updated as necessary and delivered to all owners and occupiers of flats least once a year

Security Systems on Access Doors

This can be a particular problem at residential development with on one hand the need to provide simple to use means of escape and on the other need to provide adequate protection from personal attack or burglary of the property.

Often it is to this understandable concern that the occupants turn their attention and seek to instruct the management agents to secure the building in a fashion that is not compatible with fire safety. The security on escape routes should not be reliant upon a fire detection and alarm system to render them “openable”.

- The main entrance door to the building should be secured against unauthorised entry.
- At all times the exits including the main entrance door must be “openable” from the inside whether or not the fire detection and alarm system has activated.
- Generally there should not be panic bolts on internal doors on escape routes (only permitted on final exit doors as other doors may be needed for re-entry or if you need to change your initial decision to use a particular route of escape etc.)
- No door on an escape should require a key or code to operate from the escape side,
- There are also particular recommendation (Sec.18.8, BS 5588 Part 1) for doors to the individual apartments themselves namely: It is preferable that these doors should be fitted with a lock which can be opened by a handle from either side and which can be locked on the outside by a key and on the inside only by a manually operated bolt.

There should be a clear understanding and written description of:

- How the security system works
- Who maintains it and their competency to do so
- Who should be contacted for immediate repair if the system goes wrong
- In addition details of what was agreed for security at fire safety certificate stage should be kept available for consultation

Control of Common Areas (e.g. No Colonisation or Storage)

The fire safety design of apartment block is firmly based on the notion that the circulation and escape route are sterile areas free from obstruction and fire load. There will be few exceptions to this but where a fire load is permitted it is usually limited and has been clearly described in smoke control design submitted as part of the fire safety certificate application say for instance in an atrium access type building.

Combustible furniture, fittings or ornamentation may sometimes be introduced by the management agents in the entrance lobby on the instruction of the management company but this is normally not permissible unless the particular layout of the escape routes has been specifically designed to cope with such an arrangement.

Sometimes designs provide for an individual apartment which may require to be separated from the commonly shared escape routes by a fire rated lobby (i.e. 2 no doors between the apartment and the escape route). Such arrangement while not desirable, do exist, and the management company must take suitable precautions to prevent against the colonisation of such spaces by the occupants or the annexation of these spaces into the particular apartment. In such cases the following applies:

- The inner door to the private lobby to be the entrance door to the apartment and should be at least an FD30S doorset.
- The outer door to the private lobby should be a minimum of 50% glazed FD30S doorset and the glazing should not be obscured nor the door fitted with a locking device.
- The area between the two doors of the private lobby to be landlord area.
- A permanent type sign to be posted in the lobby indicating the above items.

There should be a clear written description for management and the occupiers of what is or is not permitted in the circulation routes and a clear description of the management company’s authority and responsibility to deal with any infringement in this regard.

- Advice in this regard should form part of the fire safety advice package to all occupants each year.
- Details of what was agreed for lobbies atria etc. at fire safety certificate stage should be kept available for consultation and enforcement.

Management and Maintenance of Furniture and Equipment in Communal Facilities

The management of community areas such as meeting rooms or lounges or community facilities such as a laundry room for example requires to be strictly controlled, as an incident in one of these spaces can affect the safety and means of escape from the building for all the occupants. The selection and maintenance of furniture and fittings in these area needs to be strictly controlled also.

There should be a clear understanding and written description of:

- Who manages the facility and their competency to do so
- Who selects the furniture and fittings in the first place and sets the standard of fire safety performance of these items and their competency to do so
- Who maintains the furniture and equipment at the facility in a fire safe condition and their competency to do so
- When is maintenance carried out
- There must be clear “house rules” prohibiting the introduction (dumping) of furniture or equipment by occupants into these areas and measures put in place to deal with this matter if it arises
- Who should be contacted for immediate repair/ action if furniture is damaged or equipment faulty in a way that constitutes a heightened fire hazard.
- Advice in this regard should form part of the fire safety advice package to all occupants each year

Measures to Control Opportunistic Illegal Parking that may Hinder Access

Relatively unimpeded access to the residential building by the fire service is required if an adequate fire fighting service is to be delivered.

The scheme will normally include properly designed fire fighting access routes and circulation roadways within the development. Thoughtless and stupid and opportunistic car parking can completely negate the aspects of the layout designed into the scheme to accommodate fire appliance and other emergency vehicle movement. This is particularly so at pinch points in the road layout where there may only be just enough room for a fire appliance to pass or again where residents or visitors have parked in turning circles etc. Some schemes may include specific set down/ parking bays for emergency vehicles and here again the temptation exists for opportunistic car parking to take place.

There should be a clear understanding and written description (or drawing) of:

- What areas are prohibited for car parking,
- What permanent signposting and/or ground markings are required to identify these area to occupants/ visitors,
- There should generally be a dedicated and clearly identified parking area for visiting vehicles.
- Who should be contacted for immediate action in the event that an individual tenant consistently ignores these restrictions.
- Advice in this regard should form part of the fire safety advice package to all occupants each year.
- In addition details of what was agreed in this regard at fire safety certificate stage should be kept available for consultation.

Control of Deliveries and Delivery Vehicles

There should be a suitable set down area (other than the emergency vehicle access routes) for vehicles making deliveries. In some developments particularly taller developments and multi block developments delivery personnel may be away from their vehicles for long periods while they make deliveries to remote occupancies. During this time such vehicles if badly parked can significantly hamper access for emergency service vehicles.

- In larger developments or in developments with critical pinch points for access, specific delivery vehicle set down areas should be provided and suitably marked and policed against opportunistic car parking by occupants.

Maintenance of Signposting and Way-Finding Measures to Assist Fire Fighting

- As multi-unit residential developments become larger and more complex, particularly in multi-block developments it becomes increasingly difficult for responding fire crews to identify which unit or block even, is involved and it is proving necessary to provide large scale signs and way finding maps etc. to assist more rapid identification of the access route to follow.
- This is even more complicated when for instance a multi block development includes under-ground car parking that extends under several blocks or even more complicated again extends under some blocks and not under others.
- The extent of a basement can not be seen from above and intelligent fire fighting decisions cannot be made unless suitable way finding information systems are provided for fire service personnel.
- Some schemes will include specific fire fighting access routes to such basements and unless their existence is communicated to the fire service in a simple and immediate way then they may be of no value at all in real fire situations.
- Taller or more complex development may include wet or dry risers or fire fighting shafts and if these features are to be used effectively then they must be properly signposted in an effective and immediately obvious way.

There should be a clear description of any necessary signposting or way finding information system that must be provided on site including:

- Who is responsible for their maintenance,
- Who should be contacted for immediate action in the event that such information systems are interfered with or damaged
- In addition details of what was agreed in this regard at fire safety certificate stage should be kept available for consultation.

Maintenance and Signposting Hydrants and Water Supplies

Normally fire fighting operations rely on the provision of appropriate water supply in the form usually of hydrants and sometimes as static water supplies such as ponds or tanks etc.

The access to and identification of such facilities for speedy use is fundamental to successful fire fighting operations.

There should be a clear understanding and written description (or drawing) of what is provided in the way of fire fighting water supplies:

- Who is responsible for their marking,
- Who is responsible for preventing their obstruction by car parking vegetation or other structures that might prevent timely access to the hydrant or static water supply.
- Who should be contacted for immediate action in the event that an individual tenant consistently ignores no parking signposting or if any such markings are interfered with or damaged.
- Who should arrange for periodic inspection of the installation and testing and maintenance of hydrants in the development and the cleaning of hydrant chambers etc.
- In addition details of what was agreed in this regard at fire safety certificate stage should be kept available for consultation.

Fire Safe Management of Waste Disposal

Refuse and other waste or recyclable materials can give rise to considerable fire risk and if not properly managed can be an unacceptable risk from the point of view of fire load and the occurrence of accidental or malicious fire.

There should be a clear understanding and written description of how waste is to be disposed of and stored at the development:

- Who is responsible for ensuring that waste is deposited only in the designated areas,
- Who is responsible for ensuring that the waste material are removed in a timely manner to prevent against the accumulation of excessive fire loads,
- Who is responsible for ensuring that the waste storage facility is managed so as not to present an unacceptable fire safety hazard,
- Who should be contacted for immediate action in the event that an individual tenant ignores the “house rules” in this regard,
- Advice in this regard should form part of the fire safety advice package to all occupants each year.
- In addition details of what was agreed in this regard at fire safety certificate stage should be kept available for consultation.

Control Of New Works (e.g. Extensions, Material Alterations)

The carrying out of works within an individual occupancy is not only a matter for the occupants of that unit alone but must be regulated by the management company also as some works could have an effect of the fire safety aspects of the overall building affecting other tenants also. Even if this is not the case it should not be available to an individual tenant to adjudicate unilaterally and perhaps incorrectly as to whether or not the proposed works affect aspects of the overall fire safety or structure. This is even more so the case where the overall building is a system built scheme as for instance with timber framed construction or volumetric steel framed pod construction etc..

All new works must be approved by the management company and in this regard there must exist:

- A formal process for advising the management company of any proposed works,
- The management company must appoint competent persons to evaluate the proposed scheme and require the occupant to obtain a fire safety certificate for such works if necessary,
- Who should be contacted for immediate action in the event that an individual tenant ignores this process,
- Advice in this regard should form part of the fire safety advice package to all occupants each year.

Managing the Responsibility of Other Tenancies (e.g. Retail Units, Offices)

Sometimes the residential element of the development may be mixed with other commercial elements and often the overall safety of the residential sections may rely in part on certain precautions or fire safety systems in the non residential sections of the developments (e.g.: Fire detection and alarm system, structural fire protection systems, sprinkler systems in the non residential sections etc..). The form of management company in such circumstances may be quite different from the stand alone residential-only developments and the residential units may in fact be subject to long leases from a landlord type arrangement in which case the landlord retains all of the fire safety responsibilities and can co-ordinate all the fire safety function in different parts of the overall development. If some hybrid type of management arrangement is provided then it is incumbent on the management with responsibility for the residential element to obtain the necessary certificates from competent sources that the necessary fire safety features within the non residential section are being properly attended to. This of course can only be done if such a legal relationship exists between the various parts of the overall development from the beginning. An example of such an arrangement might be where a residential tower rises off a podium or roof over a retail park or shopping centre type development and this type of mixed development is becoming much more prevalent especially in the Dublin area.

There should be a clearly defined legal relationship between the management of other non residential parts of the development and the management of the residential part with clearly defined responsibilities and duties and clearly defined legal remedies that can be enforced in an immediate manner in the case of one of the parties defaulting.

(This is definitely a complex legal area (if allowed in law) and is beyond the writers experience to comment competently and would present both the Fire Authority and the residential management company with a complex legal predicament if there was a problem identified in one part of a development that could not be remedied by the management company with responsibility for that part of the development.)

Special Provisions: (e.g. Smoke Control/Clearance Systems, Special Arrangements inter alia)

Many designs are complex and give rise to new and problems which may be solved at design stage in a novel fashion and may rely upon special provisions which are agreed at fire safety certificate application stage.

It is necessary for these special provision (which underpin the decisions to grant the fire safety certificates that allow the development to be built) to be maintained into the future. It is necessary for any such provision to be properly recorded and maintained and the management company must assume this special responsibility.

There should be a clear understanding and written description of any special provision which was designed into the scheme (so that the management company can manage this provision properly) and the management company must appoint competent persons to attend to these matters including:

- Who maintains the systems and their competency to do so,
- Who should be contacted for immediate action in the event that any such system is not functioning properly
- Advice in relation to these systems may need to form part of the fire safety advice package to all occupants each year.
- Details of what was agreed in this regard at fire safety certificate stage should be kept available for consultation

Access to Apartments for Fire Safety Maintenance

In landlord type buildings access to individual apartments is generally not a problem however in the typical purpose built apartment blocks this can be more difficult to organise.

However the management company is charged with the responsibility of maintaining various building system including fire safety systems and must be able to gain access to carry out necessary maintenance.

All the apartments are seen as part of a single building community from a fire safety point of view and a fire in one unit affect the fire safety of all the others. Consequently the fire authority or other regulatory agencies may require access to individual or all apartments in order to discharge its functions and be satisfied that all of the required precautions have been taken and are maintained in good condition.

It is desirable that the management company retain the right of entry into individual apartments to carry out effective maintenance on equipment including for example:

- detectors and sounders on the fire detection and alarm system and in the interest of avoidance of false alarms and nuisance to the occupants of other units.
- to ascertain that particular items that have a bearing on the fire safety of others building occupants are properly maintained for example to ensure that the apartment access door is in good condition and continues to provide the fire resistance prescribed in the building design and that the door closer has not been removed or disabled nor intumescent strips removed or damaged etc..
- It should be possible for a regulatory authority such as the fire authority to immediately contact the management company with a view to arranging access to carry out inspections in any or all individual apartments

Periodic Auditing and Reporting of Fire Safety Management Issues and Keeping a Suitable Fire Safety Logbook

Many of the systems described above require periodic maintenance/ proactive intervention and it is necessary for all of these matters to be properly recorded in a competent professional manner.

As the prevailing circumstances change or a national standards change in respect of fire safety issues it is necessary for the management company to review its fire safety management procedures and to recommend renewal of safety systems as seen appropriate and to reasonably anticipate that certain safety systems will require replacement or upgrading in the future.

It is necessary for a suitable fire safety logbook to be maintained for this purpose and it should as a minimum include the following (See Appendix F –Fire Safety Register DOEHLG guide ‘Fire Safety in Flats’)

- Details of Premises (Address, Owner, Management Company)
- Details of Fire Fighting Equipment (Inventory, inspection & maintenance)
- Details of Emergency Lighting System (Installation, Inspection Maintenance, and works carried out)
- Details of Fire Detection and Alarm System (Zones, Detectors, Call Points, Inspections, Maintenance and works carried out)
- Details of Fire Doors (Inventory, Inspections, Maintenance and works carried out)

Note larger more complex premises will have correspondingly more complex logbooks

Periodic reviews of fire safety regimen for the building to be carried out from time to time and the management should appoint competent persons to do so with a view to certifying that the management company is meeting its responsibility in this regard and with a view to keeping member advised of reasonably foreseeable expenses associated with the replacement of major safety systems.

Maintenance of Fire Safety Certificate Application Documentation, for Reference of Management Agents/ Inspection by occupiers

Most of the modern apartment developments will have been subject to a formal approval process under building control legislation and a fire safety certificate for the design of the building would have to have been obtained before the building was built. The details of that particular approved design and the undertakings given by it should be known to the management company so that it can discharge its responsibility to ensure that the building is in compliance with its fire safety certificate.

A copy of the approved fire safety certificate application documentation, should be kept available for inspection/ consultation by the management company or any of its members or for inspection by authorised inspecting officers from the fire or building control authority and should include a copy of the following:

- The fire safety certificate Application form,
- Any Letters accompanying the application or submitted during the course of its assessment,
- The final approved fire safety technical report (sometime referred to as the “compliance Report”) which accompanied the application
- Any supplementary reports or clarifications submitted as part of the application.
- Drawings including:
 - Site location map
 - Site plan,
 - Floor plans,
 - Sections
 - Elevations
- The certificate as issued including any conditions etc.
- Details of any appeal documents/ decisions.

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