

Apartment Owners' Network

Representing the owners of apartments and houses in managed estates

Presentation to Housing SPC

Multi-Unit Developments In Ireland

- Census 2016 determined 204,000 occupied apartments in Ireland
- Approximately 500,000 people live in homes in multi-unit developments
- Apartments have increased in number by 85% since 2002, and accounted for 12% of all household types in 2016.
- Apartments now accommodate more people than traditional houses in Dublin city
- New multi-unit development in Dublin will be key to new housing delivery over the next decade

About The Apartment Owners' Network

- Established in 2008 following a meeting of apartment owners convened by Dublin City Council
- Initial purpose to assist apartment owners in the management of their estate via Owners' Management Company (OMC)
- Holds monthly public meetings in DCC offices on Wood Quay
- Contributed to framing of legislation including Multi-Unit Development (MUD) Act 2011 and Property Services (Regulation) Act 2011
- Chaired by Deirdre Fox 2008-2016
- Network of circa 500 developments throughout Ireland

Assisting Apartment Owners in Estate Management

- Owners' Management Company (OMC) established as a condition of planning permission
- Property Management Agent (PMA) typically hired by OMC to manage daily activities of OMC
- Owners required to step forward as OMC directors in order to provide corporate governance and determine company strategy
 - Directors typically not paid – civic-minded community volunteers with no professional expertise in property management
- Directors have ultimate responsibility to ensure OMC complies with all legislation and is in a sound financial condition

OMC Director Responsibilities

- Financial Management
 - Budget setting – both annual recurrent costs and long-term refurb projects
 - Service charge collection
- Ensuring resident/owner compliance with lease e.g. House Rules
 - Dealing with anti-social behaviour issues
- Insurance
- Health & Safety compliance
- Construction defects
- Conduct Annual/Extraordinary General Meetings

Challenges Facing the Multi-Unit Development Sector

- High levels of service charge arrears
- Building construction defects, fire safety standards
- Poor awareness of future refurbishment costs
 - e.g. lifts with an average life of 25 years and €50,000 replacement cost, a typical mid-size OMC with 250 units and 14 lifts needs a fund of €700,000
 - €700,000 is roughly double the budget of a mid-size OMC
 - Celtic Tiger developments now 15 years old, will required funds be in place in 10 years' time?
 - If not, what are the consequences for apartment residents and apartment values?
 - Will the state or local authorities be required to supply funding?
 - Academic studies have found that circa 40% of OMCs have no sinking fund
- Poor corporate governance standards of OMCs – no effective regulation for breaches of MUD Act

AON Initiatives 2016/17

- Agreed by membership that more than a “self help” group required
- AON required to be established on a full-time professional basis to represent the sector and lobby for necessary change
- Engagement with key stakeholders required to advise of pending crisis in the sector – meetings with Dept. of Housing, Housing Agency, Dublin Local Authorities, political parties, Property Services Regulator, academics, industry professionals, international equivalent bodies
- Working group with Housing Agency and Cluid to undertake study of the sector e.g. establish a register of Irish OMCs
- Member of current Dept of Housing working group on affordable & sustainable apartment delivery.

AON 2018 and beyond....

- Achieve necessary funding to establish full-time professional body
- Provide OMC director training, support and advice
- Lobby for improvement to Multi-Unit Development Act
- Work with government agencies to establish OMC Regulator
- Establish best practice for the industry by engaging with international peers
- Work with PSRA to improve standard of Property Management Agents
- Educate all stakeholders on the importance of OMC finances and strong planning framework to ensure all future costs can be met.