

# COMPLEX ISSUES OF SUSTAINABLE APARTMENT LIVING FOR IRELAND

An independent report, commissioned by Clúid Housing and the Housing Agency, highlights a range of issues specifically relating to Owners' Management Companies (OMCs) and the need to examine the state of sustainable apartment living for Ireland, sooner rather than later, writes Fiona Dunkin, Housing Policy Adviser, Clúid Housing.

**T**he Grenfell Tower tragedy in London in 2017, which resulted in the loss of 72 lives, placed the need for thorough regulation and oversight of the management of social housing and, indeed, apartment living in general in the UK, into sharp focus.

Mistakes subsequently identified included a failure to

consider the building in a holistic, comprehensive manner, infrequency of inspections and testing, insufficient focus on maintenance and a lack of communication with tenants.

While it is essential that lessons are learned from such a catastrophe, must we wait for a similar event to occur on this side of the water before we examine our own approach to apartment



*Brian O’Gorman, CEO Clúid Housing, Michael Carey, Chairperson of the Housing Agency and Paul Mooney, author of the report ‘Owners’ Management Companies: Sustainable Apartment Living for Ireland’, pictured at the recent launch of the report.*

## APARTMENT LIVING REPORT



*All apartment blocks of more than five units must have an OMC in place, under the terms of the Multi-Unit Developments Act 2011.*

management within the social housing sector?

Ireland has proportionally fewer apartment-dwellers than any other European country, yet we are in the midst of an important shift, with the number of apartments having risen by 85% between 2002 and 2016.

### INDEPENDENT REPORT

With increased housing density, in response to population growth, changes in household formation and environmental concerns, representing an important component of national strategies including the National Planning Framework, apartment-living will soon represent the norm for more and more people in Ireland.

Within this context the recently published independent report, commissioned by Clúid Housing and the Housing



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Agency, entitled 'Owners' Management Companies: Sustainable Apartment Living for Ireland', highlights a range of issues specifically relating to Owners' Management Companies (OMCs) in apartment complexes in Ireland, that are worth examining – sooner rather than later.

Currently, under the Multi-Unit Developments Act 2011 (MUD Act), all apartment blocks of more than five units must have an OMC in place. The OMC is the legal owner of the common areas and facilities such as lifts, communal lighting, roofs, external cladding and facades, landscaping, ventilation systems, and internal and external decoration.

The OMC, itself, is collectively owned by all owners of the apartments in the building. While management duties, including the maintenance and upkeep of common areas, may be contracted out by the OMC to a management agent, ultimate legal responsibility and stewardship of the common areas rests with the 5,000 to 7,000 OMCs currently in existence across



*The OMC is collectively owned by all apartment owners in a complex...and the 5,000 -to 7,000 OMCs across Ireland have the ultimate legal responsibility and stewardship of common areas.*

Ireland.

With the management of apartment complexes, by way of Part V arrangements, the construction and acquisition is becoming increasingly important for both local authorities and Approved Housing Bodies (AHBs), while the functioning of OMCs is, likewise, becoming more relevant.

### SINKING FUNDS REQUIRED

Perhaps most alarming among the findings of the research, which consisted of interviews, focus groups and case studies across a range of stakeholders, was the identification of an overall lack of provision for a sinking fund by OMCs.

Cited reasons for this included difficulties in collection of service charges, and indeed, a lack of robust guidance within the

# APARTMENT LIVING REPORT

MUD Act on recommended sinking fund levels. Without an adequate sinking fund, funding required for the repair of communal facilities, such as, for example, a lift, may be unavailable when needed, potentially leading to safety issues.

Further to this is the inequity inherent in the payment of a large lump sum by owners when an urgent repair is required, as opposed to gradual contribution to a sinking fund by apartment owners as common areas and facilities are used.

Established in the research was an inconsistency of capacity within OMC boards, with some directors lacking the knowledge and skills necessary for the management of an apartment complex and the stewardship of potentially millions of euro.

## Recommendations

The 14 recommendations from this research refer to:

1. Improving sinking funds provision and reporting
2. Fire safety reporting and certification
3. Establishment of Housing Regulatory Authority
4. Dispute resolution and Regulatory Authority Tribunal
5. Regulatory Authority Building Inspectors
6. OMC annual return filing
7. Lease covenant and House Rules enforcement
8. OMC director mandatory training
9. Enhancing OMC communications with owners
10. Enabling OMC borrowing
11. Regulatory Authority and mixed use schemes
12. OMCs engaging licensed management agents
13. Enhanced insurance cover and reporting
14. Removal of OMC audit exemption, and financial reporting standardisation

*The research was commissioned to review the effectiveness and performance of OMCs in Ireland and offered these 14 recommendations.*

## FIRE SAFETY REGULATIONS

The need for more frequent inspection of apartment complexes to ensure compliance of OMCs with building and fire safety regulations was also highlighted. In order to address such issues, statutory regulation of OMCs is urgently required.

Referenced in the report as an example is the system of regulation operated by the Condominium Authority of Ontario (CAO) in Ontario, Canada, which is funded by way of a small fee of \$1 per voting unit per month.

Whatever form regulation of OMCs may take in Ireland, it should represent a priority for the entire social housing sector – for local authorities and AHBs. Alongside our concerns to not repeat ‘the mistakes of the past’, it is our duty to avoid those of the future.

*‘Owners’ Management Companies - Sustainable Apartment Living for Ireland’ is available to download at [www.bit.ly/2L3fwu1](http://www.bit.ly/2L3fwu1)*



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