

A REVIEW OF "OWNERS' MANAGEMENT COMPANIES -
SUSTAINABLE APARTMENT LIVING FOR IRELAND"
IN THE CONTEXT OF THE ACHIEVEMENT OF PROJECT
IRELAND 2040 COMPACT GROWTH TARGETS.

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EDITOR'S INTRODUCTION

*In this article by David Rouse, he highlights the role of sustainable apartment development and other forms of higher density housing in the achievement of climate action objectives and compact growth targets. Project Ireland 2040 targets 40% of new homes within the built footprint of existing towns, cities and other urban centres. The target for Dublin and the four alternate cities of Cork, Galway, Limerick and Waterford of achieving 50% compact growth in the delivery of new homes is challenging. It is argued that the successful implementation of the targets will require a granular understanding of how to achieve sustainable higher density housing. The review of **“Owners’ Management Companies – Sustainable Apartment Living for Ireland”** is a pathfinder document in understanding the barriers and challenges to achieving higher density housing and sustainable apartment living.*

The apartment home is a significant housing typology in sustainable land use. It will in urban locations and in well-connected suburban locations be the principal objectively desirable home if compact growth targets are to be successfully realized. The Review is not only relevant to the housing sector. The Report and Recommendations have a broader relevance in putting in place the building blocks to achieve sustainable land use and transport patterns mandated by national policy on climate action and compact growth.

The implementation of sustainable land use and transportation are two of the principal areas to be addressed in achieving climate action. The practical matters outlined in the delivery and sustainable operation of higher density housing document the degree of attitudinal change that is required.

To begin to meet this challenge is to first understand the granular issues in the delivery of sustainable higher density housing including sustainable apartment development. An informed start in this process is acknowledging the barriers and supporting the recommendations in ‘Owners’ Management Companies – Sustainable Apartment Living for Ireland’.

It is envisaged that the publication of this article will support a more inclusive audience of built environment professions, central and local government officials and finance and fiscal policy decision makers.



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A recent independent report titled "*Owners' Management Companies - Sustainable apartment living for Ireland*" considers issues affecting managed estates and Owners' Management Companies. The report was jointly commissioned by the Housing Agency and Clúid Housing. The Housing Agency works with the Department of Housing, Planning and Local Government, Local Authorities, and Approved Housing Bodies (AHB) in the delivery of housing and housing services. Clúid is the country's largest AHB, managing a stock of just over 7,000 homes. What are the implications of the report for the achievement of compact growth?

The National Planning Framework: Ireland 2040 (NPF) has a policy objective of increased residential densities in urban areas. Population growth is to be planned in accordance with several National Policy Objectives (NPO). These target brownfield and infill development within the existing built footprint of the country's urban settlements. The targets are to be reflected in the Core Strategies of City and County Development Plans. At least 50% of new homes are to be built within the existing footprint of our five cities and their suburbs, and 30% of new homes elsewhere within the existing urban footprint.¹

The overall target of 40% of new homes nationally within the footprint of existing settlements is likely to mean changes for the status quo, in terms of the construction, design and management of higher density living. This article considers whether the framework of existing policies for sustainable higher density living supports NPF targets. A key objective of the NPF is compact growth and sustainable mobility. The targets in the NPF for the location of new homes translate to the proportion of apartments in Ireland trebling, from 13% in 2019 to 39% by 2030².

Chapter 2.6 of the NPF notes that the fastest-growing parts of Ireland are currently at the edges of and outside our cities and towns - clear evidence of urban sprawl. Increasing car dependence, a higher carbon footprint than the EU average, and a hollowing out of urban centres, are some of the immediate negative consequences identified with these patterns of development. A consensus has emerged that compact and sustainable growth in our urban areas is required to deliver a reversal of these trends.

CLIMATE ACTION PLAN

Policies of the Climate Action Plan (CAP) focus on sustainable planning and development in the context of climate change. As the CAP points out, higher density residential development tends to comprise smaller homes, requiring less energy to heat. Multi-unit developments, made up of apartments, duplexes, or other innovative configurations of residential accommodation, are expected to form part of the answer to the challenges set by the NPF and CAP. This being the case, does the current regulatory framework for managing multi-unit developments support national planning objectives in relation to higher density residential stock? Are stated policy aims realisable within the parameters of existing legislation governing the built environment - the shared spaces and services - integral to apartment living?

APARTMENT PLANNING GUIDELINES

Planning professionals will be familiar with requirements of the March 2018 Design Standards for New Apartments - Guidelines for Planning Authorities concerning provision for the long-term operation and management of apartment developments. The Guidelines carried an initial recognition and linking of wider apartment design policy with day to day operation and management.

Chapter 6.13 of the Guidelines requires that planning applications for apartment developments must include a Building Lifecycle Report ("BLR"). A BLR is key to proper management of a development into the future. It is intended to include an assessment of the long-term running and maintenance costs of an estate. The BLR should document measures considered by the developer to manage effectively, and reduce, running costs for the benefit of residents.

The Guidelines also require the consideration of the manner of compliance of a development with the Multi-Unit Developments Act 2011, including the establishment of an estate Owners' Management Company ("OMC"). OMCs are the not-for-profit companies made up of all the owners in an estate. They own and control the estate common areas. A board of directors of an OMC, elected by and from the owners, arranges services- insurance, maintenance, waste and recycling, etc.- to the estate's shared spaces.

While the BLR can, in theory, prove a valuable starting point in understanding the long-term costs of an estate, those BLRs submitted since March 2018 through the Strategic Housing Developments process vary in the depth and breadth of their detail. Some reports itemise estimates of build costs and deliver a schedule setting out the life expectancy of building components. Several BLRs have included service charge budgets. In the view of this author, however, the focus of such budgets appears to have been on a maximum acceptable or marketable annual service charge per home, rather than a robust reflection of the likely running costs and sinking fund contribution required. This is significant because realistic operational and management budgets are required to underpin the long-term sustainability and resilience of higher density housing.

OWNERS' MANAGEMENT COMPANIES – SUSTAINABLE APARTMENT LIVING FOR IRELAND

The NPF recognises that achieving compact urban growth will require a focus on the development and management of an attractive built environment. This requires consideration of the liveability of both public and private realms. Uniquely, much of the private realm in higher density accommodation, such as internal common areas, gardens, parking, etc., is shared between residents. The OMC owns and is responsible for these shared spaces. In this way, the OMC may be seen as almost a second layer of local or municipal government, invested with the responsibility for the quality of the built environment delivered to the wider community.

Matters receiving attention in the Owners' Management Companies – Sustainable apartment living for Ireland report include the inadequacy of annual service charges, failure to provide for building maintenance (sinking) funds, and the perennial problem of mounting service charge debts. The report examines international best practice in apartment management and regulation. Ontario and New South Wales are among the jurisdictions considered. The report signals future demand for higher density housing in the context of the NPF and the CAP. Recommendations for regulatory reform are put forward.

REPORT RECOMMENDATIONS

Considering the focus on the quality of the built environment, of particular interest to planners will be the recommendations for a regulatory and inspection regime for managed estates. Additionally, the report recommends measures for improvements in insurance cover and sinking fund provision for apartment blocks. A dispute resolution process designed to avoid costly visits to the Courts is recommended.

Training for OMC directors, legal changes to enhance lease covenant enforcement, and improvements in communication with OMC members, are among other measures included.

As the report title suggests, the principal aim of the recommendations is to support OMCs as the glue binding together the shared services, property interests and spaces of an estate- the factors seen as critical to supporting sustainable higher density housing.

Readers will be familiar with the legacy construction and financial issues facing many OMCs. High-profile cases such as Priory Hall and Longboat Quay have featured in press coverage in recent years.³ Shortcomings in OMC corporate governance have been widely reported. The largest of the country's OMCs operate multi-million euro budgets. Untrained, and for the most part unpaid directors are assigned the stewardship of these companies and their finances. It is estimated that there are 7,000 to 8,000 OMCs in the country. The challenges observed in apartment block management are viewed as a drag on acceptance of the higher living density which is an important housing typology required to meet policies included in the NPF.

The NPF discusses building resilience in our housing stock, meaning lifetime adaptable homes that over time can accommodate the changing needs of a household. It recognises that if urban sprawl is to be curtailed, apartments will need to become a more prevalent form of housing. The OMC report's recommendations seek to lay foundations for resilient, healthier higher density managed estates into the future.

The report is relevant in the context of planning and delivering a housing mix and built environment suitable for an ageing population. The provision of lower maintenance housing options, suited to that cohort of urban residents reaching a point in their lives when they may be considering a move from large and expensive to maintain homes, is acknowledged.

ATTITUDINAL CHANGE

Fostering attitudinal change in Ireland to compact housing calls for improvements in the long-term management of this growing component of the country's housing infrastructure. Owners' Management Companies - Sustainable apartment living for Ireland seeks to bring to bear international best practice in the management of Irish apartments and multi-unit developments.

When considered in a wider national planning setting, the recommendations of the report in the context of the NPF and CAP objectives represent a joined-up approach. They seek to bridge the gap between the successful operation and governance of higher density accommodation and the housing and planning policies of moving towards compact growth, and away from urban sprawl.

Views expressed are those of the author.

"Owners' Management Companies - Sustainable apartment living for Ireland" is available at www.housingagency.ie/publications/

BIOGRAPHICAL NOTE

David Rouse is an advisor with the Housing Agency on multi-unit developments and OMCs. David engages with professional bodies, other State agencies, and the public in relation to the multi-unit developments sector. A founding director of the Apartment Owners' Network CLG, David is a Chartered Accountant, and a volunteer director of one of the country's largest OMCs. He is a graduate of University College Dublin.

1. National Planning Objectives 3a,3b, 3c

2. Climate Action Plan Chapter 6.3.3

3. Four Celtic Tiger developments that had fire and safety issues, Sarah Burns, The Irish Times, 24 January 2018.