



Building Investment Fund (BIF)

Processes for Boards of Directors of OMCs





Introduction

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- Apartment living a growing trend in Ireland
 - over 200k occupied apartments in 2016
- Most apartments built post-2000 so issue of Sinking Funds relatively neglected up to now
- Biggest focus of late is on urgent matters such as fire safety compliance, water ingress and structural issues.
- Will become a significant issue in the coming years as buildings begin to deteriorate







- Building Investment Funds allow for planned maintenance for the life cycle of the development and inform service charge calculation.
- Directors and Agents can avail of independent advice for the Sinking Fund.
- Cost efficiencies of undertaking Reinstatement
 Cost Assessment at the same time







- Agent acting for OMC should seek BIF Quotes
- Three quotes should include provisional meeting with Board and Agent and or attendance at AGM
- Instruct BIF Report and Rebuild Valuation
- Members of the OMC should get a copy of the BIF along with the AGM particulars







 AGM should have Surveyor attend to provide BIF presentation and field questions on the report.

 Members can then vote on the proposed budget inclusive of the informed Sinking Fund Contribution.







 The Year End Report to show the Sinking Fund Contribution required, made and shortfall for that year

 Hopes to have integration of BIF in accounts and filled for transparency for members and prospective buyers.







BIF Reports

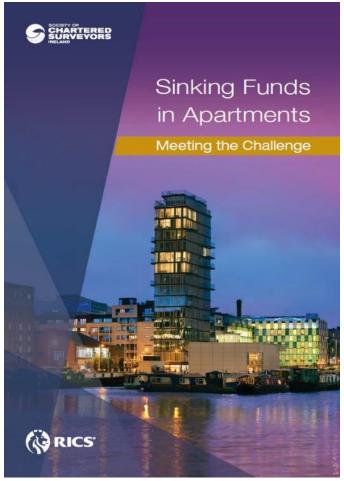
- A Building Investment Fund (BIF) report highlights wasting / depreciating assets of a complex
- Is normally prepared for a 20 year period
- Helps OMC understand Sinking Fund required, when funds needed, annual contributions required from members
- Report preparation cost normally €5-7k
- Should not be 'once-off' but a living document
- Real-life BIF reports show many OMCs very poorly prepared for future expenditures







SCSI Report - Sinking Funds in Apartments Meeting the Challenge (2018)









SCSI Sinking Funds in Apartments Meeting the Challenge (2018)

Data gathered in 2018 from nine large Managing Agent companies – relating to 632 OMCs and 52,600 properties:

- 98% of OMCs have a Sinking Fund
- 88% of OMCs have a dedicated Sinking Fund bank a/c
- Seven of the nine Managing Agent Companies said under 25% of their OMCs have adequate Sinking Funds
- When asked why Funds are inadequate, Agents cited:
 - Opposition to higher charges now to pay for future spends
 - Lack of appreciation of future expenditure needs
 - Some owners already struggling to pay service charges
- Eight of the nine Agents already had had 'once-off' levies







SCSI Sinking Funds in Apartments Meeting the Challenge (2018)

86% of OMCs have no BIF reports



- Even for those with reports, just a minority implementing
- Agents say many OMCs do not want BIF reports as they fear they will mean higher annual charges for owners







Building a Sinking Fund an important duty of all Owners' Management Companies (OMCs)

Areas for which Sinking Fund may be Requ	ired:								
Life systems, including fire alarm systems, emergency lights and vents	Roofs, including copings and cappings, fall arrest systems etc.								
Mechanical Plant, including lifts and pumps	Electrical fittings, including light fittings								
External common areas, including perimeter walls, pedestrian gates etc.	Windows / Window frames of common areas and perhaps individual units								
Building Façade, including external walls and renders	Interior common areas, including carpeting, painting, joinery etc.								
Roads and Car Parks, including gates	Re-tiling								
Landscaping	Ironwork and Metalwork								

Distinction between OMC total assets, total cash reserves and Sinking Fund







Section 19 of Multi-Unit Developments (MUD) Act states:

- OMCs must establish Sinking Funds within three years
- Can spend on refurbishment / improvement works and non-recurring maintenance
- Can also spend on associated advice
- Cannot be used for day-to-day maintenance
- Should be held in a separate account and identified as Sinking Fund







How is the Sinking Fund Arrived at

A Building Investment Fund (BIF) report highlights the wasting or depreciating assets of a building to establish when each material or element will need critical maintenance or replacement.

The BIF report focuses on both the type of materials and form of construction. It is not a defect report but reviews the different elements of the building. The report will identify the current condition and expected remaining lifespan of the elements.







How are rates and life expectancies arrived at?

Rates within the report have been calculated using:

- Tender rates from recent projects.
- Pricing documents such as Linesight and Spons.

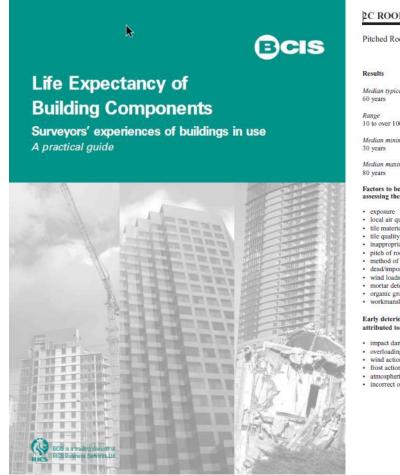
Typical life expectancies have been taken from BCIS Life Expectancy of Building Components – Surveyors Experiences of buildings in use.







Life Expectancies



2C ROOF

Pitched Roof Covering: Tile: Generally

Results

Median typical life 60 years

Range 10 to over 100 years

Median minimum life 30 years

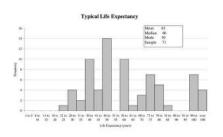
Median maximum life 80 years

Factors to be considered when assessing the life expectancy:

- · exposure
- · local air quality
- · tile material
- · inappropriate detailing
- · pitch of roof
- · method of fixing
- · dead/imposed loads · wind loads
- · mortar deterioration at ridge
- · organic growth
- · workmanship

Early deterioration may be attributed to:

- · impact damage
- · overloading
- · wind action
- · frost action · atmospheric pollution
- · incorrect overlap















Mile feel Paintie																												
Seconda.	Salauted Year of hetaleteched	Desiral Research	Estimated Artistanted cost	Condition		Account the common to the comm	Tear Number	2022	2023	201	2025	2008	2027	2028	2029	2000	201	2022	2023	2034	2016	2036	2007	2018	2229	19 2040	201	Total
	ment	Life Years	of money of current prices.			Committee of the Commit													•									
Common Area		- 122																	-									
External Areas																												
						Replacement Cutable Stupe of Report, allowance has been made for collection of 50% of costs in final 3 years of this																						. I
Placked Concrete Title Roof - Replacement	1982	-	#1,622,670.00	Currently in this condition	0 2	report. Alterance for Verge repairs. Alterance for investigative works and		5,000						5,000	a	0	0	0	0	5,000				0	207,079	207,019	207,079	728,236
Rod Mentere - Investigations	1962	20	€20,000.00	Currently in fair to poor condition	0 2	Alterance for investigative works and potential repairs at 5 year Intervels. Preparcement Cotatos Hoope of Report.		5,000						5,000	a	0	0	0	0	5,000				0		5,000	0	20,200
Ploted Concrete Tile Roof - Regiscement						allowance has been made for collection of 25% costs in that 2 years of this																						
(Stations)	1962		€127,400.00	Currently in thir to poor condition	0 2	noot.									0			9	9						13,616	19,617	10,817	21,890
Riderral Walk - Masonry	1962	**	e 8,000.00	Structurally in fair to good condition	0 2	Replacement Outside Stope of Report, after for boilded obsering and repairs. One off repairs of three year obseries.		0				2,000			9	0	2,000	0	0	0	0	2,000	a	0		a	2,000	1,000
						Survey of chimneys included at year 6																						
External Walls - Bitchwork Pointing External Walls - Redecostion (Render)	1962	-	€15,000.00 €190,580.00	Currently in fair condition Currently in fair condition		Survey of chimneys included at year 4 and 14. One of reports and assume redecorate		3,000		-	5,000	1,000		195 180	0	3,000	9		0	2,000	5,000		195,190	3,000		9		390,200
Timber Windows - Common Area	180	25 - 40	#148,510.00	Currently in fair to pour condition		enery 8 to 10 years Repeate within medium farm. Advance for Advance interessed		-		-				100,100		146,510							180,160					148,210
Rin Store Coor - Replacement Rin Store Coor - Redecoration	1982	25 - 30	#14,490.00 #3,690.00		5 2	for Abolish regimement Regime within the short term. Absence for finder regimement			14.600						0	0	0	0									0	
				Currently in their to pour condition Currently in their to pour condition	2	Absence for timber replacement Assume parts every 5 - 7 Years Replace within the short term.				-		9			3,690	0			9	0	3,630			0			0	14,490 7,280
Bin Store Feecia - Replacement uPVC	1982	40-60	# 11,430.00	correctly in poor cooltion	0 1	Allowance for uPVC replacement		11,490	0			a	0		0	0	0	0	0	0	0		a	0		0	0	11,430
				Currently in fair attractural condition	e 1	Replacement should be considered in the short term. Handrall height is better current reguettons and consideration should be given to registerated. Replacement should be considered in																						. I
Rekony Handrel - Replacement	1982	40-80	€ 22,820.00			should be given to replacement.		22,320	0		0	a	0		0	0	o	0	0	0	0	0	a	o	0	0	Ó	22,230
Bakony Listel - Replacement	1992	40-10	4 02,900,00	Currently in very poor condition		the short term. Company noted to multiple first floor between. Representation should be considered in		22,800																				22,800
Rebony Membrane - Replacement	1962	20	454,740.00	Currently in researable to poor condition	0 2	Repairment should be considered in the short term.		0	0		56,740	0	0	0	0	0	0	0	0	0	0		0	0		0	0	00,740
					_	Page arment should be considered in the short term. Assume replace in the freedom term at the end of functional tile. Instances of contrain noted. NAN. NAN.																						
Winder Little - Replacement Cardy Fill Insultine (Lippade) Rizolal Well Insultine (Lippade)	NA NA	60 - 80 20 - 60	#194,020.20 #215,780.20 #1,145,980.20	Currently in researching to poor condition. N/A N/A	2 2	corresponded.		-	8		- 0	- 8	- 8	- 0	9	9	184,620	9	0	8	- 0	-	9	9	-	9	9	194,420
	N/A	20 - 80	#1,145,380.00	NA		NA.		-			- 0				0		0		- 0					0	-	- 0		
Internal Areas Place Philades - Carpet - Medium Quelly	1982	8-10	675,710.00	Compatible followed to a		Assume replace at end of useful the								75,710														75,710
Replacement Wall, Celling and Jamely Pleaties within Common Area - Decoration	180	5-7	618,180,00	Currently is fair condition Currently is fair condition with acceled green of stability	0 1			-					28.180						26.160					,	28 100			116,840
Common Area Pite Door Closers - Replacement Common Area Pite Doors - Replacement	180	16			5 2	Assume reducable every 5 Years. Assume replace of and of useful the - Replace in medium term.						3,230			0	0	0	0	0				0	0			0	
Common Area Pille Doors - Replacement	190	26	69,290.00 642,180.00	Currently in fair condition Currently in fair condition	•	Papers in medium term Assume regions of end of useful the Assume regions of end of useful the			62,180	-		9			2	b			9	ė.			9	o.			9	3,230 42,180
Senice Riser Fire Doors - Replacement	1962	25	4 04,720.00	Currently in fair condition	9 1	Regisce in short term Costs spread over 3 years Assume replace at and of useful the		11,579	11,579	11,574					0	0	0	0	0	0				0				34,720
Apertment entrance duors internal	1982	25	€128,480.00	Currently in fair condition	5 2	Replace in short term.		å	0			126,490			9	0	o	Ó	0	0			à	0		à	à	120,400
Amerities						Assure repairs in the short term. The																						
				Currently in poor condition.	L	element is reaching the end of its functional life. Clock have been spit over 2 years. Assume replace to the short larm and																						
Tarriac	1902	30	€223,810.00		1	Over 3 years Assure replace in the short term and			107,806	107,807	107,897	0			0	0	0	0	0	0			0	0		0	0	223,810
Linemarking - parking spaces and double yellow	1962	•	64,470.00	Currently in poor condition Currently in responsible condition	0 2	Assume regions in the short to medium			0			4,470			0	0		0	0		4,470		a	0		9	0	1,340
Cutteensk	1987	_	691,370.00	Currently in rescondise condition; Albumone for bookled repairs to evok! by hazards according		Assume replace in the short to medium term. This element is reaching the end of its functional life.							91370															91,270
						Altowance for periodic repairs at 5 year																						
Footpaths / Grass verges	1902	30	6129,490.00	Currently in rescondule condition Currently in rescondule visual condition.	0 2	Assure repaid of and of useful file.			0	5,000					0	1,000	0	0	0	0		5,000	0	0		0	0	15,200
Sulleys / Crainage	1962	15	#6,530,00 #14,690,00	No tests certied out. Currently in rescondition visual condition.		Alternate for periodic repairs. Assume replace of end of useful the			9		6,530			14.090	9				9					9				14,290
Street lighting	180	-	*10,000.00	No teeting carried out. Currently in resonable to poor visual		Assume replace at end of useful file. Alterance for investigative works and repairs. Assume replace at end of useful				т.		,	,	14,000	,		,			,			•	,			,	100
Metal Ascherys	1962		65,000.00	unitin.		Movemore for one repets and		9	5,000			9			9		0		9					0		9	9	5,200
Dwarf Retaining Walls	1902	-	6 8,000.00	Currently in resconsible condition Particular ratings for play obscured by	5 2	Paintenance every 3 years. Alterance for regular repairs at 5 year.		2,000	0			2,000			0	2,000	0		0	2,000				2,000				10,200
Pertneter Ratings	1902	80	#08,410.00	ledging.	0 2	TO THE REAL PROPERTY.		1,500	0			0		1,500	g	0	0	0	0	1,500			a	0		1,500	0	6,200
Services Fire Alarm Services																						_						
Fire Alarm Works to Include break glass units, smoot detectors, sounder/detectors and fire starm				Currently in fair visual condition. No		Assume replace every 15 years -																						
emois detectors, sounderstatectors and fire alarm panel - Devices Coly, Assumed Wiring is Adequate. Rinespeny and Clemenal Lighting - Devices Only.	1962	15	£198,400.00	testing certied out.	0 2	Assume replace every 15 years - Advance for Replacing Devices									a	0	198,400	e										188,400
Rinergency and General Lighting - Devices Only, Assumed Writing is Adequate Rinergency Styles - Devices Only, Assumed Willing	1982	10	621,830.00	Currently in fair views condition. No teeting carried cut. Currently in fair views condition. No	0 2	Assume replace every 10 years - Allowance for Replacing Devices						21,830	0		0	0	0	0	0	0			21,830	0			0	43,800
is Adequate	1962	10	#11,180.00	Currently in fear visual condition. Pro- teeding carried cut.	0 2	Advance for Resistant Desires Assume replace every 10 years - Advance for Resistant Desires Provisional costs in the event fire						11,100			0	0	0						11,100					22,220
Possible Fire Stopping	1982		6 874,840.00	NA		Provisional coats in the event free stopping leases are discovered.									0	0	0		0	0				0			0	
Mechanical and Electrical Services				CORNER DESCRIPTION OF THE PARTY		Assura notate even 10 mag.																						
PRS - Deduce City, Assured Wilting & Adequate	1962	10	65,840,00	No testing seried out.	0 2	Allowance for Producing Devices				5,640						0				5,940							0	11,280
				Currently in resconstile visual condition.		Absence for Regains however Periodosi Test required to confirm																						, I
Electrical Boards and Willing etc	1962	20 - 30	en company	No teeting carried out.	D 2	condition Assume repairs every 15 years - Advance for Repairs however. Periodant Test requires to confirm condition. This should be addressed in the short term.	\vdash			-			14,880		9	0			9								9	16,200
				Currently in rescondar-visual condition. No testing certied out. All cebling appears original. Currently is good vesser condition. No testing certied out.		Periodosi Test regard to confirm																						
Landlard decirical installation	1982	15	617,300.00	appears original.	0 2	the shart term.			37,200											27,200								75,400
Water Tanks	2011	25 - 40	€104,180.00	being carried out.	5 1	Assume replace at end of useful the				-					0	0		6		0							104,180	104,160
Red Cooks to Tanks	2011	12 - 15	47,500,00	Currently in fair visual condition. No teeting certied out.	0 2	element to prevent failures at 3 year intervents		1,000				1,500				1,500		6	a	1,500				1,500			a	7,400
Access Control Intercent - Derhas Only, Assured Willig is Adequate. Apartment Derhas not included	1962	16	67,440.00	Currently in feat visual condition. No teeding certified out.	D 2	Assume replace of end of useful the in the medium term.									0	0	7,440	0		0	0	0	0	0	0	0	0	7,840
							Year	3021	2022	2023	2034	2005	2028	2027	2238	2029	2030	2021	2022	2033	2014	2005	2008	2017	2238	228	2040	
							Reseal Total	24,222	2930	120,191	179,207	175,473	166,620	297,080	3,630	155,210	402,480		28,199	95,840	13,100	7,000	228,179	6,500	285,874	264,195	263,864	3,549,836
							Cherolica Balance																					
Control States							Property	158,351	290,128	200,710	267,618	469,611	501,741	585,311	516,231	740,801	810,591	636,121	884,131	1,053,951	1,221,111	1,436,011	1,667,011	1,856,841	1,878,361	1,830,467	1,794,272	1,000,410
							Rubbig Investment Fund																					, I
Proposed Building Investment Fund Charge	-						Charge	228,000	298,000	228,000	228,000	208,000	228,000	228,000	238,000	228,000	228,000	238,000	238,000	228,000	228,000	238,000	228,000	228,000	228,000	238,000	228,000	4,540,200
							Assume interest																					\neg
Interest on funds							earned on deposit of 0.0%								9	0	0	0		0	0	0		0			o	
																												$\overline{}$
																												, I
Expenditure in Year							Eigendture in Year	96,729	218,308	130,151	179,207	175,670	166,600	297,090	3,600	158,010	402,480		28,790	60,840	13,100	7,000	228,170	8,500	265,474	254,195	353,654	3,649,836
										-	-						-									-		
Circles Selects							Closine Belonia	294,128	299,769	207,010	449,411	601,741	885,211	518,231	740,801	810,591	636,131	864,131	1,043,961	(221,111	1,436,011	1,867,011	1,000,041	1,871,341	1,830,467	UNUN	1,000,010	3,179,481
							_				,							,121	-	- Carry III	1,000,011		-	.,		- Carpita	-	







Example - Roof Coverings

- Replacement @ 60 years is outside the scope of the report
- Repairs at regular intervals
- Collection of 33% of the replacement cost by the end of this 20 year period.









Example - Roof Coverings

Roof mortar to verges, valleys and ridges replaced at year 15.









Example - Roof Coverings

VITTO grout and concrete mini repair to duplox access			00,000.00	Incated	ı	
Re-waterproof Flat roofs Torch-on Felt Replacement	2002	15	€66,440.00	Flat roofs are past end of life, assumed to be in fair to poor condition.		Assume replacement in the short to medium term.
≥ Pitched Concrete Tile Roof - Replacement	2002	60	€3.822.190.00	Currently in fair condition	2	Replacement Outside Scope of Report. 2/3 of cost to be collected by 2043.
Mortor joint repair to ridges valleys and hips.	2002	`15	€341,730.00			Mortor joints noted to be in poor condition.
, , , , , , , , , , , , , , , , , , , ,				Visually in fair to poor	_	Allow for nainting every







Example – Mock Mansard roof

Flat Sections at 15 Years / Vertical Manmade Fibre Tiles at 25 - 30









Balcony Membrane and Supports









Common Windows & Doors











Apartment Windows

Dependent on the lease!









Balconies

- Membrane / Decking / Supporting structure beneath
- All dependent on the lease!

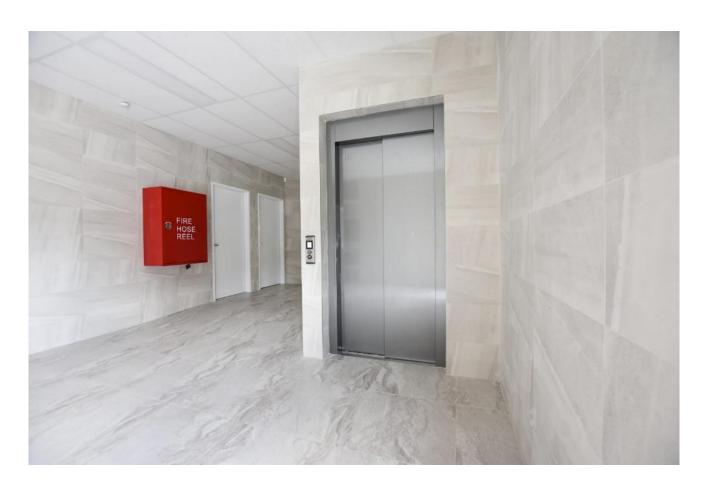








Lifts









Common Area Wiring and Fuseboards











How Design and Specification affect the BIF

Development A

Development B

Slate Covered pitched roof

Brick Façade

uPVC Windows and Doors

No lifts

Felt Flat Roofs

Rendered Façade

Timber Windows and Doors

Multiple lifts

Low BIF

High BIF







Example BIF Findings (older development)

The findings of the report are that members need to contribute €3,049,935 over 20 years to maintain the building and not require levies.

The report would recommend an annual contribution of €228,000 to cover these costs, this would leave a closing balance of €1,668,418 in the account after this 20year period.

Based on 218 apartments this would result in an annual contribution per unit of €1,046







Timing is everything

The earlier a BIF is starting and collected the better

Years of inadequate funding has created a financial time bomb for many development

Recommended figure of €200 per unit is inadequate

Large levies are inevitable







Implications of doing nothing

- Deterioration of the development
- Emergency EGM's for special levies when something fails
- Litigation from members for failure of OMC to repair
- Non essential repairs such as carpet and decoration are not undertaken
- Reduction of rental and sale value











Thank you

Q&A

