

Property management 42519 flashcard



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Introduction

Asset Maintenance can be defined as the nonstop practice of improving the stratagem for making better the availability, protection, reliability and prolonged existence of material assets. Asset maintenance managers have a role of constantly ensuring that the premises are well maintained and in good order. However some property owners always tend not to recognize the value of maintaining their buildings. This has made these buildings loose value with time as we shall see.

Property management covers a wide range of areas and refers to the repairs and property management of a house or a building. With an appropriate property management, one can be able to elongate the life of a building and even increase its value. This process requires a lot of hard work and determination. Property management is very necessary and can at times be done willingly as in painting and decoration. Unfortunately though, at times it knocks without a warning such as repairing roofs, water pipes and faulty electrical systems. The whole process involves building repairs, electrical installation, carpentry, interior painting, plastering, gardens and patios, roofing and floor tiling.

Importance of the maintenance of property

The significance of the maintenance of property cannot be over emphasized. There are a number of reasons as to why home owners should consistently engage themselves in maintaining their property. Property management describes the cooperation between the landlord and the tenant. The duties involved includes rent acceptance, response to and addressing maintenance

concerns, advertising vacancies for land lords and doing credit and background checks on tenants. Property management companies normally perform these functions on behalf of the property owners at a fee payable as in their agreement. These companies mainly deal with the property maintenance. Regular property maintenance work is to ensure that the property is safer and make money in the long run as it most often than not extends the life of your property

All property requires some form of management and in the case of rented property; this duty rests on the shoulder of the property management firm. Problems to be dealt with often depend on the age of the building or the property in question. Tenants are therefore always advised to check for any problems in the buildings before moving in so that any problems found or rather detected are sorted out in good time. This reduces the amount of problems that might occur once one rents the property. There are therefore many forms of property maintenance that needs to be catered for when it comes to renting out a property. Maintenance ranges from being major problems to minor ones through to small tasks as gardening projects, painting, carpentry skills and painting.

Major problems in need of care often included in maintaining a property are building repairs. Electrical installation of a property should also be in state of continuous checks so as to avoid any forms of unforeseen black outs or problems that may arise later on. The roof of a property should also be in good form so as to keep off any forms of leaks. All these activities are very important in one way or the other because they are cost effective and act as

a form of insurance or investment. Otherwise without this then our property will ever be in a deteriorating state.

Use of reactive maintenance techniques

Recent statistics have shown that property owners tend to start maintaining their buildings only once they realize that something is wrong with them. Unfortunately though, this trend is ever growing yearly. There is a way of life that people have adopted that lacks the inventiveness of investing in home maintenance. People tend to wait for the worst to occur before they start taking the necessary measures. This is not a good trend though because it can lead to very severe financial implications. There are varied reasons for this such as rising house prices regardless of the condition.

The low earning home holders are unable to afford the cost of maintenance and at times some home owners just fail to recognize the importance of frequent maintenance. This is indicated by the ever increasing number of ageing and deteriorating privately owned buildings. These people most often depend on the local authorities for the repair and maintenance of their homes. The ever increasing number of privately owned buildings being repaired by the local authorities only point to one thing , that people have suddenly become negligent and hence shifting their responsibilities to the local authorities. So partly the local authorities are also to blame for the rise of ageing and deteriorating buildings. They have in essence succeeded in creating a culture of dependency on grants and to some extent responsible for the probability of home owners to maintain their homes themselves.

Grants have been enacted to make possible residence fitness and repair but they actually do not encourage consistent maintenance as they are essentially concerned with an owner's ability to meet the expense of works. Many local authorities are consistently looking for new ways of persuading home owners to regularly invest their own money and time in their homes before they descend into extensive disrepair, instead of continuing to depend on grants. This is why before they do repair your house now they have to be sure that you will be able to repay and if you default on payment then you should be ready to face certain consequences. In other words what the local authorities are trying to do is enacting a policy outline that does encourage individual conscientiousness for housing conditions if it is to succeed at all

Second home owners

Some of the second home owners may either find it difficult to find someone they can trust with the maintenance of their homes or may simply not see the need of repairing these homes because they do not always use them. This problem also affects all the properties used for private holidays or the ones rented throughout the summer. These houses need repairs to but they are often by passed by their owners who may not be really keen in renovating them. This is however not limited to these houses alone since the houses that are used as guest houses may also suffer from this. This is so especially during the high season when the number of guests is relatively high. When guests come and leave and a very high rate, one may not have the time of checking if everything is in order.

Frequent checking for these houses is very important even though these house owners tend not to be very keen with it. These houses can be checked for maintenance purposes in between guests. This is particularly important if these buildings are to remain in good condition for future usage. These tasks can be better performed by the home maintenance and repair firms because they are in a good position to both assess and administer the rightful kind of repairs in good time.

Negligence by the home owners during foreclosure

The home owners are fully accountable for maintaining assets during foreclosure. The home owners are often tempted to think that when a building goes into foreclosure they have no ownership left in the building and therefore are not responsible for keeping the building in good condition. Conversely, as long as they are still the lawful owners of the building, the borrower must ensure that the property is well maintained. The responsibility of the house owners are transferred to a different party only at the final stage of the foreclosure process. The home owners are responsible for maintaining the homes for as long as the process is still going through the local courts. Since they still own the house they should ensure that the house is in good condition. This is very critical to home owners because if they find a way to stop foreclosure they will not have to incur the costs of repair.

People just stop maintaining such homes completely, letting them fall into disrepair. What they normally don't take into account is the fact that if they succeed in stopping foreclosure and a home has already fallen into

disrepair, saving the home and have to clean up damages later is an unnecessary expense. The home owners tend to over look the benefits of maintaining such homes forgetting that they still have a chance of winning the case and remaining with the house and should this happen then they definitely have to meet all the costs of repair. Repairing a house which has fallen into disrepair is very expensive compared to maintaining a house in good condition. This should however not be misconstrued to mean that when one realizes that he/she is going to loose a foreclosure case then he/she should leave the house to fall into disrepair or intentionally damage it because this could prove to be costly to the society.

Staying away from the cost of repair

Home owners may at times fail to adequately invest in their homes. Some owners can simply not afford to meet the costs of maintenance despite being in ownership of a major investment asset. The older, younger and some minority tribal groups may at times prefer living in poor housing conditions. The older people notorious with being in ownership of some of the most terrible stocks most often do not wish to have the disturbance or pressure that is associated with major repair. These are the people who hold compelling apprehension about trusting some certain builders exclusively.

Many have such opinions and it includes mortgage repayments which they may not be able to afford leave alone the cost of repairs. Perhaps this explains why the older people in society own some of the most dilapidated buildings. Well, they may argue that it is very expensive to repair or that they are already old so they see no need of decent housing. But when faced

with the worst ever option of having to build a new house they always have no other option apart from doing so. They are simply myopic and cannot see far, they tend to ignore the possibility of being faced with the option of having to build a new house which always turns out to be more expensive than maintaining the current one.

Younger home owners on the other hand are not better either. Even the ones that are able to afford the cost of repairs may simply prefer to spend their money in other things that may be in essence more interesting to them than investing in home repair. Regional prices also tend to be a major disincentive to the youths who comprise the majority of a mobile population who may not find investing in repairs favorable. Some of these youths are not even sure about where they want to settle permanently and hence may not see the need of investing in repairs as they deem these as unnecessary expenses.

Just like their counterparts who are the old I do not find this kind of reasoning sound at all because these houses should just be maintained whether they will continue living in them or not. Well if they will be living in them permanently then they will not have to meet the costs of having to build a new house. The converse is just as good as the former because these youths do not have to live in those houses just because they have maintained them. They can keep them for historic reasons or even sell them at a higher value when they feel like they do not want to live in those houses anymore. The cost of leaving a house to fall into disrepair is very costly to both the individual and the society. So no matter how pragmatic the reasoning may sound, it is just not in good taste for the young youths to behave this way.

Unfortunately a good number of young youths think this way and hence forever will continue living in houses that are not in good condition

The private rented sector

This is one of the most complex sectors. The house condition survey (DETR, 1998, b) showed that this sector has more properties that are not fit compared to the other tenures. Statistics show that Landlords of the poorest investments are not willing to reinvest in their houses. These landlords don't have the monetary incentives to invest even when the returns from their premises are forthcoming. In other words they will not just invest even if their tenants pay their rent in good time. The implication here is that with no enough inducement for maintenance, and then certainly there is little or no incentive for repair and definitely none for improvement.

This is in fact again complicated with the multifaceted tenancy and letting situations of buildings in multiple occupations (HMO), which are in the worst situations of all. Landlords are therefore compelled to carry out necessary works following service of officially authorized notice by the local authorities. Therefore for these people to invest in the costs of repair, some pieces of advice, money and at worst compulsion if necessary. The local authorities are in a better position of implementing this. However, not all private sector housing venture exist in the form of funding aid. Many house owners are able financially and very willing to keep their buildings in good conditions, but some are not even interested in the first place while others are simply not able to afford such costs. Further still some cannot just cope with the disturbance of necessary works. In certain areas such as the complex south

east housing market home owners may not be at times be rewarded for their efforts in regularly maintaining and repairing their buildings.

They simply just refuse to acknowledge the fact that such properties have increased in capital value regardless of the condition. Many eligible beneficiaries of grant assistance are at times left out of the scheme by being termed illegible because they are assumed to be able to afford such costs although in actual sense they are unable to do so. There are still others who on a regular basis do maintain and improve their buildings but unfortunately these people are never offered any form of financial assistance from the local authority. But all the same, public or private property, care and maintenance should be given to these buildings so as to avoid the problems that come with the cost of having to put up new buildings altogether.

Generally, I think that what these people suffer from is opting for the short term benefits at the expense of long term ones. They would rather enjoy their little income than re invest it. Their buildings therefore are in a continuous state of decline and in the long run they will be remaining with very old dilapidated structures with no one willing to stay in them. The implication is that they will at some point not be earning and will therefore not have the money to erect new structures. This is a very worrying trend so it is high time these type of landlords got serious and stop being myopic.

Encouraging property owners to invest

The government is consistently encouraging the property owners to take a full responsibility of their homes (Stewart, Warner & Portman). Local authorities do develop very pragmatic approach based on the local condition
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that draw together a range of services that provide right things that enable the property owners maintain their houses (Sui Pheng & Darren) . Many of the local authorities have enacted several strategies in implementing this. In encouraging property owners to reinvest in their property, one first has to find out the reasons as to why these owners are shying away from maintaining their property. There are a variety of reasons for these poor property maintenance trends. Some property owners do not trust the builders because of negative publicity awarded to them by the media and poor records as a result of past substandard work. So some property owners are often unable to find suitable builders who can do the maintenance job at affordable cost.

The government has identified some community concerns that are responsible for lack of maintenance and repair by owners such as very high crime rates in certain areas. There are also other factors such as poor environment and low levels of community activity (DOE, 1996). So in encouraging such people to invest, the local authorities' task is to address such concerns in tactical progress and implementation.

Local authorities have considerable house repair expertise, experience, arrangements and structures in place that can be easily adopted to encourage and enable property owners arrange for and fund the important works on their own in protecting their endowment investment. To this end, there are several schemes in place to ensure that the private sector finance is acquired by the local authorities. Among them are aiming endowments in a more effective way, home development loans and increase the emphasis on the impartiality release schemes. The government is therefore very keen

in promoting the interest through the use of friendly new schemes. This is why it has asked the local government to partner with the private sector in achieving such set objectives (Mike Sondalini).

The government and the local authorities should therefore take the old and the poor into consideration and then help them repair and maintain their property because some of these people in as much as they may be willing to repair these property, they may not be able to achieve it due to financial constraints. The local authorities should also involve the residents in setting the standards and in scrutinizing repairs and maintenance services. These property owners and the tenants altogether need to be educated on all the technical issues involved in property management. They should be made to comprehend the importance of planned works and the problems associated with proactive works so that they pragmatically draw their budgets. In other words the smooth partnership between the local authorities and the private sector is actually the key to a better property management program.

Conclusion

A good economy should be able to protect what it has already accumulated in terms of wealth. Most second-rate houses are in poor condition because their owners cannot meet the cost of repairs. Statistics have shown that the low income groups especially the ethnic minorities are the mostly likely to be living in the ageing dilapidated houses. The government therefore requires that both the property owners and the tenants take joint responsibility in repair and maintenance of such property. Some people may actually be able to afford but then opt not to be engaged in repairs and maintenance.

Secondly there are those who cannot afford to, probably cannot so they have no choice apart from not being involved in such activities. Lastly we have the ones who either because of ignorance or any other reason simply do not have the motivation, knowledge or have very limited ideas, skills or machinery to initiate their own repairs. At times these people just do not have the confidence to locate and instruct suitable contractors (Agile Assets). Local authorities are therefore solemnly responsible for developing strategies responding to the local needs and should also be able to provide new and pragmatic ways that encourage and enable property maintenance.

Alternatives to the existent grant funded schemes need to take into consideration new approach in inventiveness and attitudes of both the property owners and the local authorities in the delivery of their tactical housing responsibilities. Basically, the local authorities need to develop a multiplicity of resource and support structures to motivate and help the property owners maintain their premises for the future. There are definitely many contrasting sound arguments people may tend to raise either for or against such pre suppositions but either way the local authorities should devise ways of motivating property owners to realistically invest in maintaining their premises.

Property owners should employ pre active techniques in their approach to tackling such complex issues instead of acting very late. Ageing buildings and especially the dilapidated ones are not the best to live in because of the various risks associated with them; they can actually collapse and may prove to be very dangerous for the occupants (Tracey, 1969). The contribution of property management to the housing industry and this country as a whole is

of great important and should not at any one time be overlooked. Therefore all the measures that will help the property owners not only comprehend the need but also take the necessary precautionary measures are very essential at this exacting time.

The best possible way of asset maintenance management is actually to ensure that the property appreciates in value. This can be best achieved by employing the use of continuous maintenance strategies. This can in essence be achieved through commitment to the maintenance program and making use of proactive rather than reactive techniques. It is known that the inefficiencies of employing the use of reactive measures may only serve in post pushing forward a certain problem because the real essence of repairs may not be realized. Property owners should therefore stop being myopic in their approach and take the necessary precautionary measures when they still have the time to do so. For property owners who may be very busy to take notice of such tasks, they should enlist the assistance of the firms that specialize in offering such services.

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