

Policy Review Date – 3 March 2010

Property Upgrade and Modification Policy

Endorsed by:

HOW Board of Management at ordinary meeting held

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Name

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Signature

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Introduction

Homes Out West (HOW) is a community housing provider that manages 390 properties, located from Albury across to Wentworth, with the head office located in Deniliquin. These properties are managed under 3 main programs – capital, leasehold and fee for service.

This document details the typical formats that a property upgrade on a capital property will take and the steps that govern them, and does not apply to leasehold or fee for service properties. This document will ensure that all properties comply with HOW technical specifications and property standards, as well as offering tenants the opportunity to customise and personalise their properties in a sustainable and economical way. All aspects of this document comply with the HOW Policy and Procedures document.

Scoping Upgrades

Properties that have been scoped will need to have the recommended repairs and upgrades made in a way that matches HOW standards, are economical, meets tenant requirements, and fit in with HOW's long term maintenance resources. The following steps detail how the scoping upgrade process is to be managed.

Procedure

1. Property is to be scoped by an accredited scoper. The scope is to be reported in the standard "Estimator" excel tool, against the current schedule of rates. The property is to be scoped against Housing NSW property standards.
2. The Asset Officer (AO) is to take the completed scoping report to the property and compare the reports' recommendations to HOW's technical specifications and standards. The items on the scoping report will fall into one of three categories:
 - a. Items that are marked for replacement but have been assessed by the AO to be satisfactory are to be marked as "Not Required" on the scoping report. These will need to be amended in the life cycle database for that property, with the new estimated replacement date.

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- b. Items marked for addition to the property, but are not a part of HOW standards. These are to be marked as “Not Required” on the scope.
 - c. Items that the AO agrees need to be replaced or upgraded.
3. Once the items on the scoping report have been allocated into these categories, the AO will liaise with the tenant and discuss those items that have been flagged for replacement/upgrade. With reference to a tenant survey, the tenant will be asked for input, asked about any styles that may be available in the upgrade, and also asked about whether there are any improvements that they would like for the property that have not appeared on the scope. From here the final list of upgrades is produced.
4. The AO will take the final list and begin the task of coordinating contractors. For any jobs scoped under \$3000, the work will be allocated to a tradesperson at a negotiated price. Any work over \$3000 will be filled on a quote basis, with a minimum of 2 quotes being received for each job, as per the HOW Schedule of Delegation.
5. Trades people who have been awarded the work will need to liaise directly with the tenants to schedule any work. Any difficulties in scheduling this work will need to be referred back to HOW to negotiate an appropriate time.
6. As per the section 9 of the Repairs and Maintenance Strategy, all jobs greater than \$3000 will be inspected, as well as 20% of jobs below \$3000. The inspections will include liaising with tenants over their satisfaction with the work performed and the overall performance and professionalism of the trades people. Appendix i “Post Work Inspection Form” is the form to be used to survey tenants. Any issues arising from this survey will be dealt with by the AO. Once finalised, this survey form will be attached to the work order and filed.

Life Cycle Upgrades

As part of the long term maintenance plan for HOW properties, the 20 main components of a property will have a generic life cycle attached, indicating when a component is due for replacement. These components can be found in the “Repairs and Maintenance Strategy”. The following steps detail how the life cycle upgrade process is to be managed.

Procedure

1. As a part of the annual maintenance property inspection, any components that are due for replacement are to be specifically inspected to determine whether replacement is necessary.
2. If an item scheduled to be replaced is deemed to meet technical specifications and standards and doesn't require replacing, this will be noted on the inspection report. On returning to the office, the asset file for this property will be updated to reflect the new replacement date.
3. If replacement is necessary, the AO will liaise with the tenant about any style options that may be available for that component or any other special requests that they may have. From here, the final list of life cycle upgrade requirements has been determined.
4. The AO will take the final list and begin the task of coordinating contractors. For any jobs scoped under \$3000, the work will be allocated to a tradesperson at a negotiated price. Any work over \$3000 will be filled on a quote basis, with a minimum of 3 quotes being received for each job, as per the Policies and Procedures manual, section 2.14.
5. Trades people who have been awarded the work will need to liaise directly with the tenants to schedule any work. Any difficulties in scheduling this work will need to be referred back to HOW to negotiate an appropriate time.
6. As per the section 9 of the Repairs and Maintenance Strategy, all jobs greater than \$3000 will be inspected, as well as 20% of jobs below \$3000. The inspections will include liaising with tenants over their satisfaction with the work performed and the overall performance and professionalism of the trades people. Appendix i is the form to be used to survey tenants.
7. In the instance of components needing replacement before their life cycle due date due to tenant damage, the difference is to be charged back to the tenant. For instance if a \$3000 component needs replacing 7 years into a 10 year life cycle, the tenant will be charged $\$3000 \times 3/10 = \900 .

Tenant Initiated Upgrades

As a part of HOW's commitment to make a difference in community housing, HOW will support tenants willing to make upgrades to their dwelling. This section details the guidelines that must be followed to satisfy the needs of both parties.

Procedure

1. For the upgrade, the tenant must receive 3 quotes from a relevantly qualified tradespersons.
2. A request to carry out upgrades must be made to HOW by filling out the "Tenant Upgrade Request Form" (appendix ii).
3. The Asset Officer will consult with the Service Development Manager before approving any application. If the value of the upgrade is greater than \$3000, the authorisation of the Executive Officer is also required. If the value of the upgrade is greater than \$10,000, the Board of Directors must review and approve. These authority levels are as per the Schedule of Delegation.
4. The approval or refusal will be communicated in writing to the tenant. If approved, the tenant must comply with the HOW's standard conditions for tenant upgrades.
5. The AO must be given access to the property both during and at the completion of the works.
6. Any upgrades will be entered into the Asset Management file for that property.

Conditions

1. Three quotes must be received to perform the work.
2. All work must be undertaken by a qualified tradesperson. Work can only be performed by a tenant with relevant qualifications and insurances.
3. Prior to commencement of work the tradesperson/tenant must supply evidence of trade license (if applicable) and current insurances as per the minimum standard outlined by HOW Maintenance Contractor policy.
4. HOW reserves the right to select the tradesperson who is to perform the work.

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5. All work is to be paid initially by the tenant. Any compensation will be made after the completion of works.
6. Where building regulation consent or planning permission is required, this will be sought by the tenant and granted before any work is to commence.
7. Any alteration will remain at the property at the end of the tenancy.
8. The tenant must notify HOW when the improvements are complete.
9. HOW may refuse any application. Reasons for refusal include:
 - a. Plans already exist for such an upgrade.
 - b. The upgrade may decrease the value of the property.
 - c. Upgrades that may cause the property to become unsafe.
 - d. Upgrades that add expenses to HOW.
 - e. The local government department has not granted permission.
 - f. The upgrade may adversely affect other tenants or neighbours.
 - g. Any other reason that HOW deems appropriate.
10. If a request has been refused the tenant will be contacted to discuss the reasons for the refusal and what changes are required for the application to be approved. The tenant may reapply as many times as they wish.

Compensation

HOW will compensate tenants for the agreed amount, on the proviso that the procedure and all conditions have been adhered to, receipts have been provided, and a satisfactory post work inspection has been performed.

The formula that HOW uses to calculate compensation is the **standard replacement cost** of an item less its **remaining life span value**.

For example, the standard cost of a kitchen may be \$5000, and the lifespan is 20 years. For a kitchen that is 12 years old, with only 8 years remaining, the remaining life span value is $\$5000 \times 8/20 = \2000 . So the formula to calculate the compensation is:

Standard Cost (\$5000) – Remaining Life Span Value (\$2000) = \$3000.

Therefore the tenant will pay the tradesperson the full \$5000 up front, and will be compensated \$3000 by HOW.

In accordance with HOW's Repairs and Maintenance Strategy, the life expectancy of components are:

<u>Component</u>	<u>Life Expectancy</u>
• Bathroom Renovation	20 Years
• Carpet/Flooring Replacement	10 Years
• Doors – Front and Rear	20 Years
• Doors – Internal	20 Years
• Driveway/Paths	60 Years
• Electrical Works Rewire	50 Years
• Fence replacement	20 Years
• Gutters and Downpipe Replacement	20 Years
• Heater / Air Conditioner Replacement	15 Years
• Hot Water System Replacement	10 Years
• Kitchen Renovation	20 Years
• Laundry / Toilet Renovation	20 Years
• Light Fittings Switches and GPO	20 Years
• Painting - Internal	10 Years
• Painting – External	10 Years
• Plumbing and Sewer Works	20 Years
• Roof Replacements	60 Years
• Stove Replacement	10 Years
• Vinyl Flooring Replacement	10 Years
• Windows and Flyscreens	40 Years

The standard replacement cost will vary between properties.

Home Modifications

Tenants will occasionally require home modifications due to special needs, as identified by an Occupational Therapist.

Home Maintenance & Modification Services operate throughout the region to assist eligible clients requiring modifications. In general these services pay for 2/3 of the labour cost of modifications required. HOW and the tenant will pay half each of the remaining amount. The steps to go about obtaining these home modifications are:

1. Tenant is to make a request to the Home Modification and Maintenance (HMM) service in their area, or to an Occupational Therapist.

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2. The HMM service will refer the tenant to an Occupational Therapist who will assess the property and the special needs of the tenant. The Occupational Therapist will then compile a report on the case, detailing the modification requirements of the tenant.
3. The Occupational Therapist will submit the report to the HMM service, who will then organise the obtaining of a quote(s) for whatever work has been deemed necessary. The tradesperson will pass the quote to the HMM service who then will contact the tenant with details.
4. HMM will forward a copy of the quote(s), modification plans and landlord consent form to HOW for their approval and processing. HOW reserves the right to obtain a second quote from an additional tradesperson.
5. The tenant's Housing Worker and the Asset Officer will determine whether the modification is acceptable or if HOW is able to offer other alternatives. If acceptable, HOW, under their Schedule of Delegation, will then authorise the works to occur and respond to HMM who will co-ordinate the tradesperson to undertake the work.
6. Upon completion of the work, the HMM service will invoice the tenant for the whole amount.
7. The tenant will forward a copy of the bill to HOW, who will pay HMM, on behalf of the tenant, half the amount on the invoice.

Appendix i - Post Work Inspection Form

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Post Work Inspection Form



Tenant		Address	
Date		Assessor	
Details of Work			

Has all work on quote been performed? Y / N

Any work additional to quote? Y / N

If yes, what? _____

Is the quality of work acceptable? Y / N

Has all rubbish been removed? Y / N

Tenant Feedback

Is the tenant satisfied with the standard of work? Y / N

Is the tenant satisfied with the conduct of the tradesperson? Y / N

Any further tenant comments? Y / N

Assessor Comments

Assessor Sign	
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Appendix ii - Tenant Upgrade Request Form

Homes Out West



Tenant			
Property Address			
Home Phone Number		Mobile Phone Number	

Tenant Upgrade Form

Description of Upgrade	
Estimated Cost (GST Inc.)	\$

Have you included 3 quotes? Y / N

Have you received building / planning permission Y / N / NA

Signed		Date	
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Sent to: Asset Officer, Homes Out West, PO Box 922, Deniliquin, NSW, 2710