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INDUSTRY THOUGHT LEADERSHIP · SOCIAL HOUSING

Foundation of Cost-effective Maintenance for Social Housing Properties

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Providing safe and secure housing for those in need is a fundamental obligation of government. Yet constructing, managing, maintaining and repairing social housing to meet the needs of tenants is a costly and complex undertaking.

In Australia, social housing represents approximately 4.25% of total dwellings, or 450,000 homes. State and Territory governments have primary responsibility for providing and maintaining these homes and, currently, they spend over $1.5b annually maintaining them. With the cost of building and maintaining housing ever increasing, amid the backdrop of a housing supply shortage, governments face the significant challenge of continuing to provide social housing in an economical way.

And as supply has become constrained, and the cost of maintaining housing has increased, the satisfaction of tenants occupying those homes is decreasing. Social housing tenant satisfaction nationally has been in decline for the past decade, falling from 72.7% in 2014 to 66.7% most recently in 2023 (Australian Institute of Health and Welfare – 'AIHW'). AIHW identifies multiple reasons for this decline, including the location of properties, demographic and psychosocial factors, and the quality and utilisation of the housing itself.

SOCIAL HOUSING TENANT SATISFACTION, NATIONAL

72.7% in 2014 → 66.7% in 2023

Source: Australian Institute of Health and Welfare (AIHW)

Shifting from reactive to planned maintenance

Cost-effective housing maintenance is in the best interests of everyone – governments, who will have more money to maintain housing to a higher standard; tenants, whose properties will be better maintained; and

facility management contractors, who, by performing effectively, have the opportunity to build a lasting commercial partnership with government.

When considering ways to reduce the cost of housing maintenance, one of the overarching goals is to reduce the amount of unpredictable reactive maintenance, in favour of a planned approach.

Reactive maintenance tends to be charged at a higher rate than planned maintenance, as it is often urgent and involves fixing or replacing assets that are broken, as opposed to maintaining assets. Under a reactive approach, today's minor maintenance task can become tomorrow's major rectification.

The unpredictable nature of reactive maintenance also removes the ability of a maintenance contractor to introduce efficiencies that increase productivity. By our estimates, this productivity increase can be up to 15% through optimising routes and work sequencing, better forecasting of resource requirements and visibility of worker utilisation – processes that are either difficult or not possible under a reactive approach.

In a social housing property, there is a certain proportion of maintenance that will unavoidably be reactive. Horvath & Mydin (2012) identify a ratio of 60% of revenue spent on planned maintenance in the housing sector as 'good' practice, with the remaining 40% being reactive. This ratio is achievable with commitment from housing authorities to a strategic and planned maintenance approach. Without that commitment, more costly reactive maintenance can take precedence.

450,000
Social housing homes in Australia (≈4.25% of dwellings)

$1.5b+
Annual government maintenance spend

Up to 15%
Estimated productivity gain from planned work

What the contract data shows

Contract data makes this clear. We analysed data from three Australian social housing maintenance contracts (Housing 1, Housing 2 and Housing 3), each with a total portfolio of over 1,000 properties. The data is for high-priority reactive work, i.e. work requiring rectification within 24 hours.

The data is taken from the period June 2022 to January 2024. Notably, while portfolios Housing 1 and Housing 2 both have a planned maintenance regime in place, Housing 3 does not, relying only on a reactive approach.

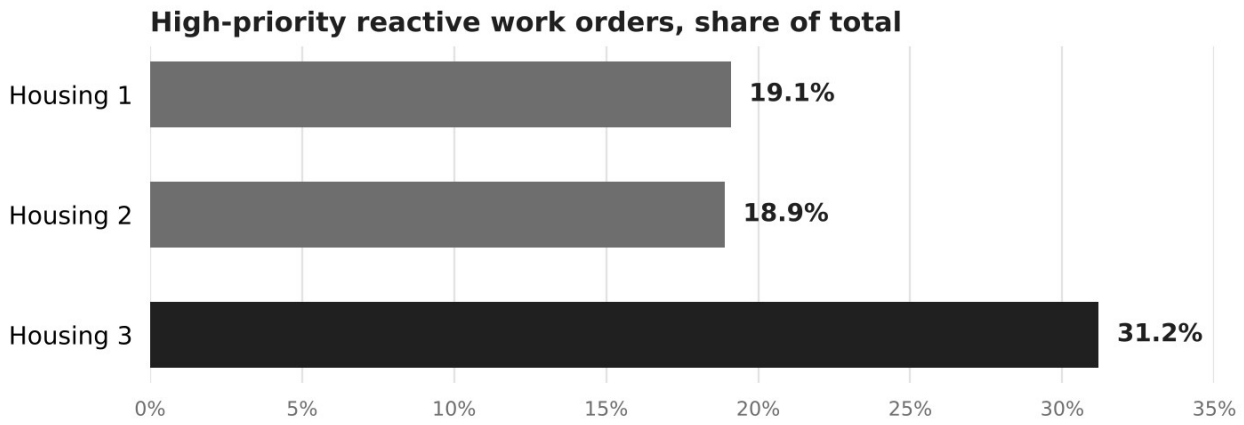

Figure 1: High-priority reactive work orders by portfolio, June 2022 to January 2024. Housing 3 has no planned maintenance regime. Source: anonymised contract data from three Australian social housing portfolios.

The comparison clearly indicates that the portfolio without any form of planned maintenance (Housing 3) has a much higher proportion of urgent work orders. There may be a variety of contributing factors to this – the age and condition of the housing stock, and the proficiency in interpreting and allocating the urgency of the work – however, the overall root cause is clear: the higher volume of urgent work orders is caused by a lack of planned maintenance.

In the long run, maintaining the Housing 3 portfolio's assets will not only be more expensive, but may bring forward the timeline for major capital investments such as property refurbishments and major asset replacements.

Conclusion

The data from Australian social housing maintenance contracts clearly demonstrates the value of a planned maintenance approach. By investing in regular, scheduled upkeep, housing authorities can reduce the frequency of urgent and more expensive reactive maintenance, resulting in cost savings and ultimately extending the lifespan of assets and properties. This not only benefits governments but also improves tenant satisfaction by supporting higher living standards.

It is imperative for housing authorities to recognise the long-term benefits of planned maintenance and to commit to its implementation to sustain the viability and quality of social housing for the future. Asset management principles aligned with the ISO 55001 standard for Asset Management provide a sound framework for doing so.

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