

Bulletin: Building Safety in the Living Sector

WORKMAN

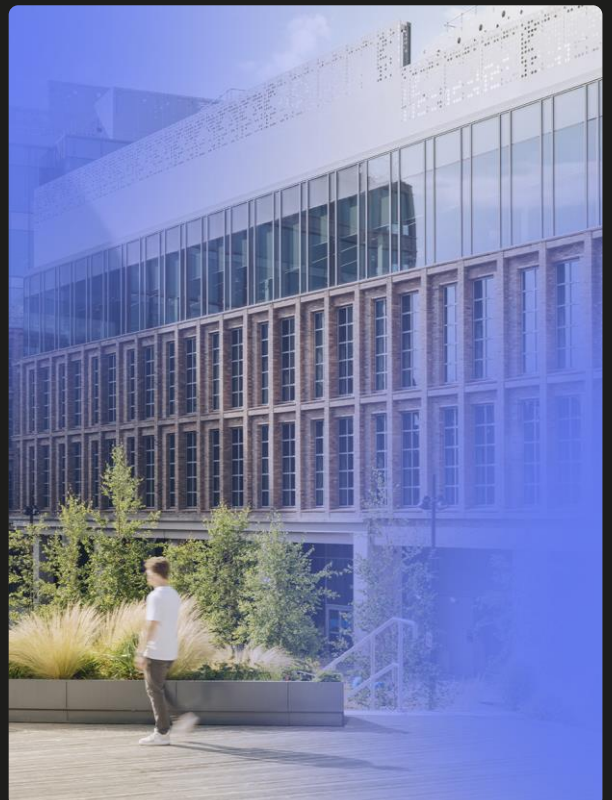
INSIGHT

Managing risk beyond the statutory minimum

While the real estate industry continues to grapple with the myriad of building safety legislation and the new responsibilities and processes involved in complying with it, many institutional investors continue to increase their investment across the Living sector

The nature of these assets – whether BTR, PBSA, social housing etc - require specialist operators to run these assets once developed. However, whereas in traditional commercial sectors the nature of the asset and leasing structure means much of these building safety requirements are passed to the occupier, within Living the responsibilities are not so clear. With the heightened reputational risk of owning residential buildings occupied 24/7, institutional investors are keen to ensure their assets are building safety compliant, now and in the future.

By ensuring assets meet and – where prudent – exceed building safety regulations, investors are not only protecting their asset's liquidity and managing their corporate reputation, but importantly are also contributing to the overall wellbeing of their community, creating a legacy of responsible real estate ownership



How we can help – our Building Safety Audits

Our Building Safety Audits are designed to give investors in the Living sector peace of mind that their assets are being run and managed in compliance with the BSA. But more than that, they will establish a level of building safety oversight of the operating partners (or Registered Providers in the case of social housing) and create plans to ensure their continued compliance in the future, protecting value and liquidity of the asset.

The principal objective of each audit is to identify any shortcomings in statutory compliance documentation and highlight any significant physical risks such as: absent passive fire protection measures, fire door issues, and M&E/vertical transportation risks.

Our Building Safety Audits provide a targeted review of core statutory compliance documentation to ensure the operating partner has this in place, and is following robust health and safety, inspection and risk reporting processes. The output will focus on low, medium and high-risk recommendations surrounding building fabric, M&E or life safety matters

In broad terms the review will cover the following key areas:



As part of the review, our Property Management and Health and Safety teams will collaborate to provide input into the review and M&E engineers will be engaged where required to review and comment upon M&E and vertical transportation maintenance records.

While the Building Safety Audits will not focus upon compliance with GLA/Homes England room sizes or housing standards, issues such as condensation, damp, passive fire protection issues will be identified

Where a property is classified as a high-risk building under the terms of Building Safety Act, a review will be completed to confirm if the property is registered and a Building Safety Case Report has been prepared.

Collaborating with your Operating Partners

At the commencement of any instruction, we meet with the operating partner to define the scope of the exercise and the information required.

Importantly, we also agree a clear and useable report format with defined outputs, to ensure our Audit's future use as a management tool by the operator in the running of the asset.



A five-stage approach to our building safety audits

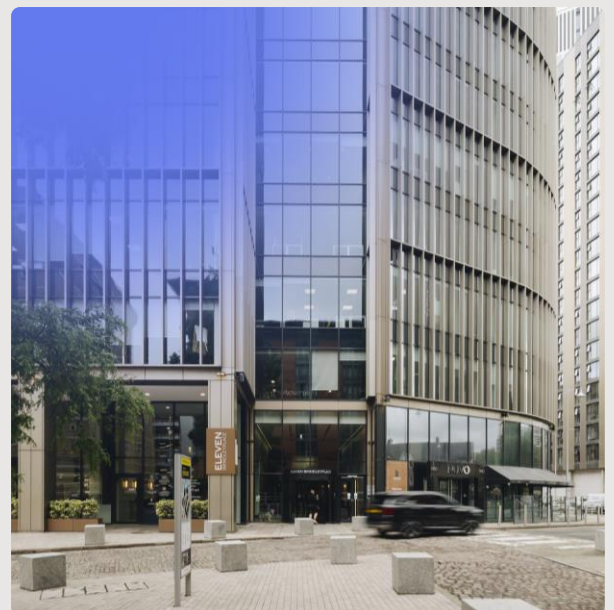


Planning for the future

Within the Building Safety Audit, we will also include lifecycle cost plans for each asset, providing a detailed breakdown of future maintenance, planned replacement and operational costs over the periods of 10 and 20 years. These are completed in accordance with RICS Life Cycle Costing guidance.

A multi-disciplinary team to provide the required breadth of technical expertise

To provide the breadth of technical expertise required to advise on the range of building safety issues in assets of this type, we provide experienced, multi-disciplined teams drawn from building consultancy, property management and health & safety disciplines.



By working with our team, investors will benefit from:

Stakeholder Assurance

For occupiers, investors and lenders, a clear plan that demonstrates a commitment to building safety



Statutory compliance

Expert interpretation of current and potential legal complexities to ensure your obligations are met now and in the future



Viable solutions

Costed recommendations that provide a building safety pathway that fits within your asset business plan.



Asset liquidity

Whether buying, refinancing, selling or leasing, technical advice that reflects institutional expectations, not just the legal minimum.



Building Safety Audits – Beyond the Statutory Minimum

For more information on our Building Safety Audits, please contact:



Amy Farr

Head of Building Safety & Construction Compliance

Telephone

+44 (0)7739 990629

Email

amy.farr@workman.co.uk