

Cost consequences of the obligation of supervision by housing societies in stock under the duty to compensate for damage

Project description

Pursuant to § 823 BGB (German Civil Code), the owner of a building is under a duty to compensate for damage caused by his building. The owner's obligation to maintain his building in a safe state to prevent damage is interpreted by German courts in increasingly restrictive terms, which makes extensive surveillance and inspection of the stock of buildings a necessity.

The requirements on surveillance and inspection in the housing stock are defined in laws, decrees, ordinances, statutes and generally accepted technical rules and standards. If damage is caused, the courts are not only guided by the norms in effect for residential construction, they include in their considerations other provisions from industry, e.g., factory directives, accident prevention rules and regulations of professional and trade associations. Different obligations of inspection must be considered, for example, from outdoor areas to gas-fired installations.

For a residential building, there can be over 100 different areas of inspection which require regular surveillance and control under the provisions of the duty to compensate for damage.

The objective of the research project is to define the cost of each such duty of surveillance and estimate the effects on additional expenses. The costs of the duty of surveillance accrue primarily from the internal and / or external expenditure for the performance of the inspections and controls. The cost incurred for service firms hired to perform these tasks can usually be calculated with some accuracy. The calculation of the internal costs for administration and management is in most cases more difficult and must sometimes be based on the estimated proportion in the total amount of work. A questionnaire was developed and experts interviewed to obtain data concerning the performance of the duties and on the related costs.

Simple structures of multi-apartment buildings with or without a lift in Hannover were used as the basis of model calculations. To make data comparable, all costs incurred were related to euro per square meter of apartment area per month. As a rule, data is based on cost items at acquisition state in 2002-2003 (see cost item annex).

That part of the sample cost of inspection of the multi-apartment building with a lift that is not allocable amounts to approximately 0.13 €/sq.m. of apartment area per month. The allocable portion of the sample inspection costs of a multi-apartment building with a lift is approx. 0.64 €/sq.m. apartment area and is contained in the operating costs.

The non-allocable part of the sample inspection costs of the multi-apartment building without a lift amounts to approximately 0.15 €/sq.m. of apartment area per month and should be made part of the rent of the unheated apartment. The allocable portion of the sample inspection costs of a multi-apartment building without a lift is approx. 0.25 €/sq.m. of apartment area and is contained in the operating costs

Following the GdW Zahlenspiegel kompakt (as of 31 December 2003), the average net rent for an unheated apartment amounted to 4.27 €/sq.m. apartment area and month for Germany as a whole, and the average "unheated" operating costs were 1.26 €/sq.m. apartment area per month. The operating costs of a heated apartment came to some 0.85 €/sq.m. of apartment area and month (GdW annual statistics for 2003). Thus, the total operating costs, on average, amounted to 2.11 €/sq.m. apartment area per month (GdW annual statistics for 2003).

The cost portion of the duty of surveillance in relation to the net rent of an unheated apartment is 3.0 % for a sample multi-apartment building with lift; the portion for the operating expenses is some 30%.

The cost portion of the duty of surveillance in relation to the net rent of an unheated apartment is 3.5 % for a sample multi-apartment building without a lift; the portion for the operating expenses is some 12%.

It will be understood that the principal cost element in the above ratios must be borne by the tenant in the form of operating expenses, the charge on the owner is fairly modest at 3 % of the unheated net rent.

The biggest saving potentials can be expected in technical facilities. The duties of snow and ice clearing as well as gritting are leaders among the percentage shares. Other (less than 2% share in the costs of the duty of surveillance) contain essentially the visual inspections of different elements of a building. Bundled activities, e.g., the inspection of electrical equipment (the so-called e-check) were obtained by some housing societies at clearly more favorable rates than the current market rates because the secure sale also secures the margin for the contractor.

The duties of surveillance can also provide an opportunity for housing societies to establish an integrated repair management system combining the avoidance of danger with the sustained management of the housing stock under an all-in building management according to DIN 32736.