



BOULIA SHIRE COUNCIL

Asset Management Plan Housing & Rental Accommodation

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2016-2025

Asset Management Plan

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Asset Management Plan

PART 1 OVERVIEW

What this report is about

This Asset Management Plan (AMP) identifies how and why Council is currently managing housing assets, the current level of service, condition of the assets, the purpose for which the assets are managed by Council and what actions are necessary over time to ensure that Council continues to meet that purpose. The asset management plan will involve taking stock to examine what the Council currently has, what is needed for the future and then identifying the long term plan to ensure that the assets that Council owns are fit for the purpose.

The first step or link for the AMP is examine the Council's Corporate plan as this identifies the long term objective or purpose for housing.

The second aspect of the plan is to define the type of assets required and the service level at which they should be maintained. This involves a critical review of housing assets including an assessment of the current condition, both present and future cost over the next 10 years to maintain, renew and operate the assets as well as potential future long term issues.

The AMP provides a long term strategy to ensure that the housing assets are either maintained and renewed or disposed of and possibly replaced, to ensure that they will, over time continue be an asset that is fit for purpose.

Finally, the asset management plan then provides a link between the corporate plan and the forward financial plan with decisions in relation to assets based on a plan of action rather than a response to what seems a good deal at a point in time.

In examining purpose, the asset management plan will identify assets that are core or essential to the Council's operations, (critical to the business of the Council) and non-core (not critical to the business of Council but never the less strategically important) and surplus (neither critical nor strategically important).

When examining Core and Non-core assets, the current use of the asset may not be a good indicator of the long term strategic purpose; current circumstances may dictate an alternative use for a key strategic asset. For example, a core asset required for staffing may be rented to a community member or contractor until such time as the core purpose is materialised.

Cost Benefit and the Triple Bottom Line

In this report there may be mention of the cost benefit of maintaining or disposing of a particular asset. In the commercial world non-performing assets, that is assets that do not contribute to the wealth of the company, would normally not be maintained and would be sold off or shut down as the case may be.

However, in the public sector there are very few assets that produce economic returns and therefore other criteria need to be considered and this may include the financial, social, and environmental benefits or consequences of maintaining a particular asset. (Referred to as Triple Bottom Line) The final decision to upgrade, replace or dispose on a particular asset should be reviewed on the basis of the long term impact on the triple bottom line.

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Corporate Plan – Housing

The first question that needs to be addressed is the overall strategic reason for maintaining housing assets and the link between this and the Council's corporate plan.

Housing is a key strategy identified in the Council's Corporate Plan and the key outcome is:

Outcome 2.7 Endeavour to provide sufficient, affordable and suitable housing to meet demand.

There does not appear to be a strong demand for housing in Boulia with the Council's budget working papers suggesting that average occupancy of Council rentals is less than 75%. At times during the year there are fluctuations in demand however there are generally more properties available for rent than the need. This suggests that either the housing that is offered is not suitable to the need, or there is a surplus in supply.

Of the residential properties owned by Council, more than 50% are currently rented to Council staff indicative of a demand to provide housing to attract and retain staff in the Town.

The Council's past history indicates a willingness to accept second hand, older homes, from public agencies. This may have been in response to a short term need, or because the houses were offered at bargain prices. In reality the analysis suggests that the action may have been a cost shifting exercise, with the State Government shifting responsibility for providing community housing by dumping old homes, at bargain prices. The offer to Council appears to have stimulated an impetus for action to acquire additional housing, rather than a critical plan for identifying long term needs.

Council is a significant land owner in the community and owns over one third of all residential properties in the Town of Boulia, when combined with the Department of Housing, more than 50% of all residential properties are publically owned.

Council has however, recently disposed of two older houses in Boulia and an independent assessment of market trends indicated that there is very little movement in the housing market and very little demand. The high cost of building suggests that house prices are historically lower than the comparative building construction cost.

In terms of the size and type of rental properties offered, Council currently owns 36 rental properties details of which are shown in the table below;

Table 1 Summary of Council Housing & Accommodation Boulia

Type of Accommodation	No.	Staff	Contract	Community	Vacant
4 Bedroom Houses	2	1		1	0
3 Bedroom Houses	15	10		4	1
2 Bedroom Houses	7	1	3	2	1
2 Bedroom Units	1			1	0
1 bedroom units	8	1	2	0	5
Aged care units 1 bed	3			1	2
Total	36	13	5	9	9

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At present there are two vacant houses, one being potentially retained for staff housing and a second which is unsuitable for rental at present. Most of the units are vacant with renovations being undertaken in some units to replace collapsed ceilings.

In terms of meeting the corporate objective, the primary focus of the strategy is to provide housing in Boulia as Council does not provide any housing in Urandangi. This may be because there is no demand, or because there is already sufficient affordable and suitable housing to meet the demand in Urandangi. If recent auction results and analysis are an indication, there is very little demand and very affordable land in Urandangi.

Housing Age:

Whilst Council has undertaken to build houses, or more recently to purchase relocatable/kit homes, by far the majority of homes were purchased second hand from either public housing already in Boulia, or transported to Boulia from surplus housing stock elsewhere.

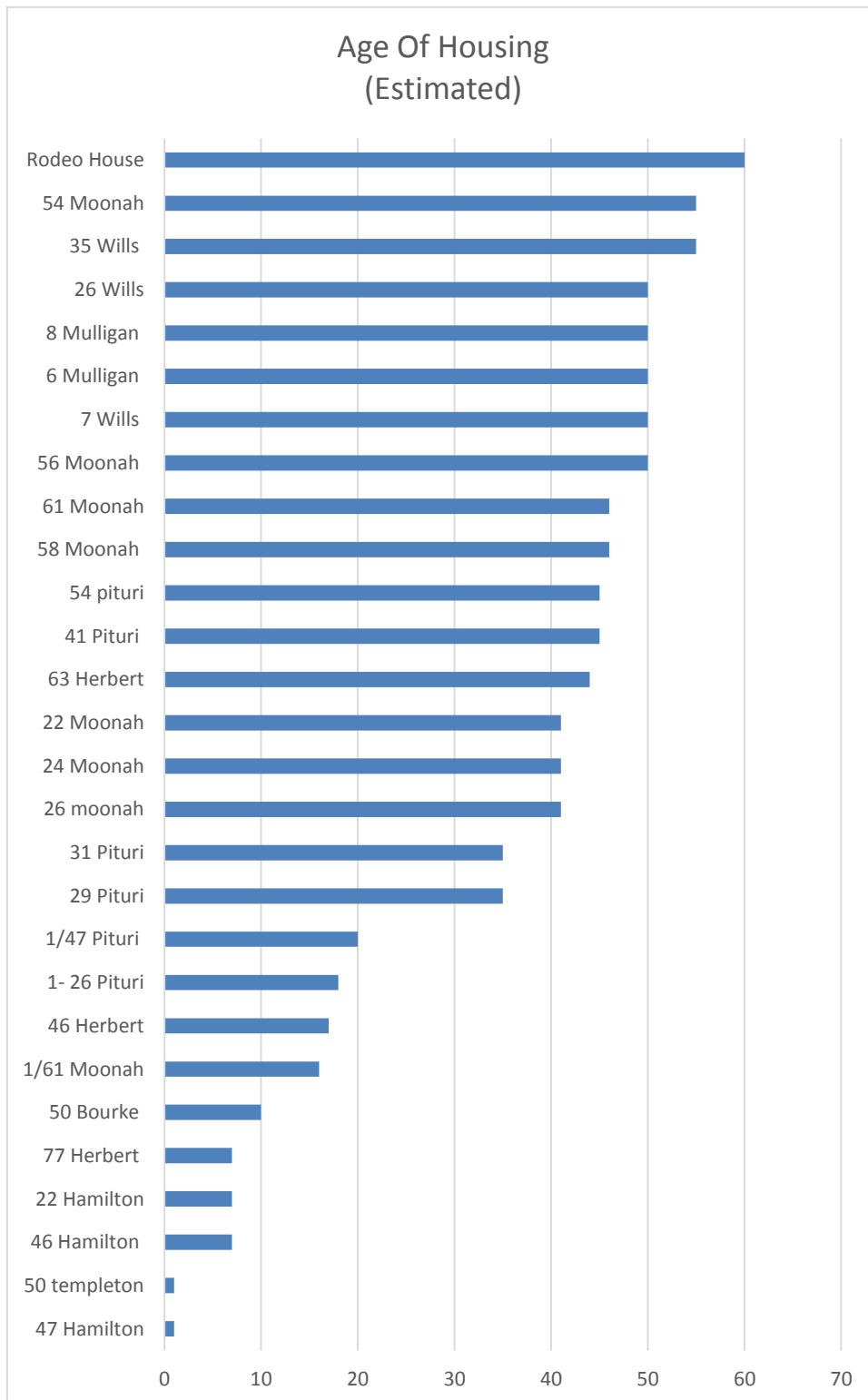
It was therefore difficult to establish the exact date most of the houses were originally constructed and the best estimate is that the average age of Council houses is around 34 years old with some in the 55-60 year bracket. This analysis is shown in Graph 1 which depicts a list of the rental properties and the estimated age of those properties.

In terms of building construction, the majority of older houses were constructed of timber, fibro or hardi-plank prior to the late 70's early 80's when the sale and use of asbestos products was banned. The best guess at the oldest house would be the rodeo house, which was originally built by Council for executive staff and then relocated to the rodeo grounds, in the process suffering some structural problems which are apparent today.

With the majority of houses being in the 40 to 60 year age bracket there are substantial issues associated with ongoing maintenance and renewal costs, there are also significant issues with asbestos related products that are encountered whilst undertaking renovations. Roofing is generally corrugated iron that was nailed rather than screwed and frames and trusses are of hardwood without any insulation, which is now mandatory in all new homes to meet energy star ratings.

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Graph 1 Age of Housing



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Condition Assessment:

It is important for Council to know the current condition of the housing assets as this relates to their fitness for purpose and so a simple rating on overall assessment of the buildings has been established as follows:

Table 2 Condition Rating

5	Condition is new or as new
4	Minor defects only, minor maintenance required
3	Significant defects requiring maintenance to return to acceptable level of service
2	Substantial renewal /upgrade required
1	Asset is unserviceable and requires significant replacement to be fit for purpose.

Graph 2 below depicts the current assessment of the housing assets.

8 Mulligan Street has been assessed as being category 1, unserviceable due to issues with asbestos ceiling sheeting uncovered in small section, bathroom, kitchen, toilet, walls, doors and window damaged or in poor condition and no window grills or locks to prevent falling out windows.

Other houses in category 2 are the Rodeo House & 6 Mulligan Street. Both these houses are in a poor condition requiring substantial renovations and renewal to bring them up to a suitable standard.

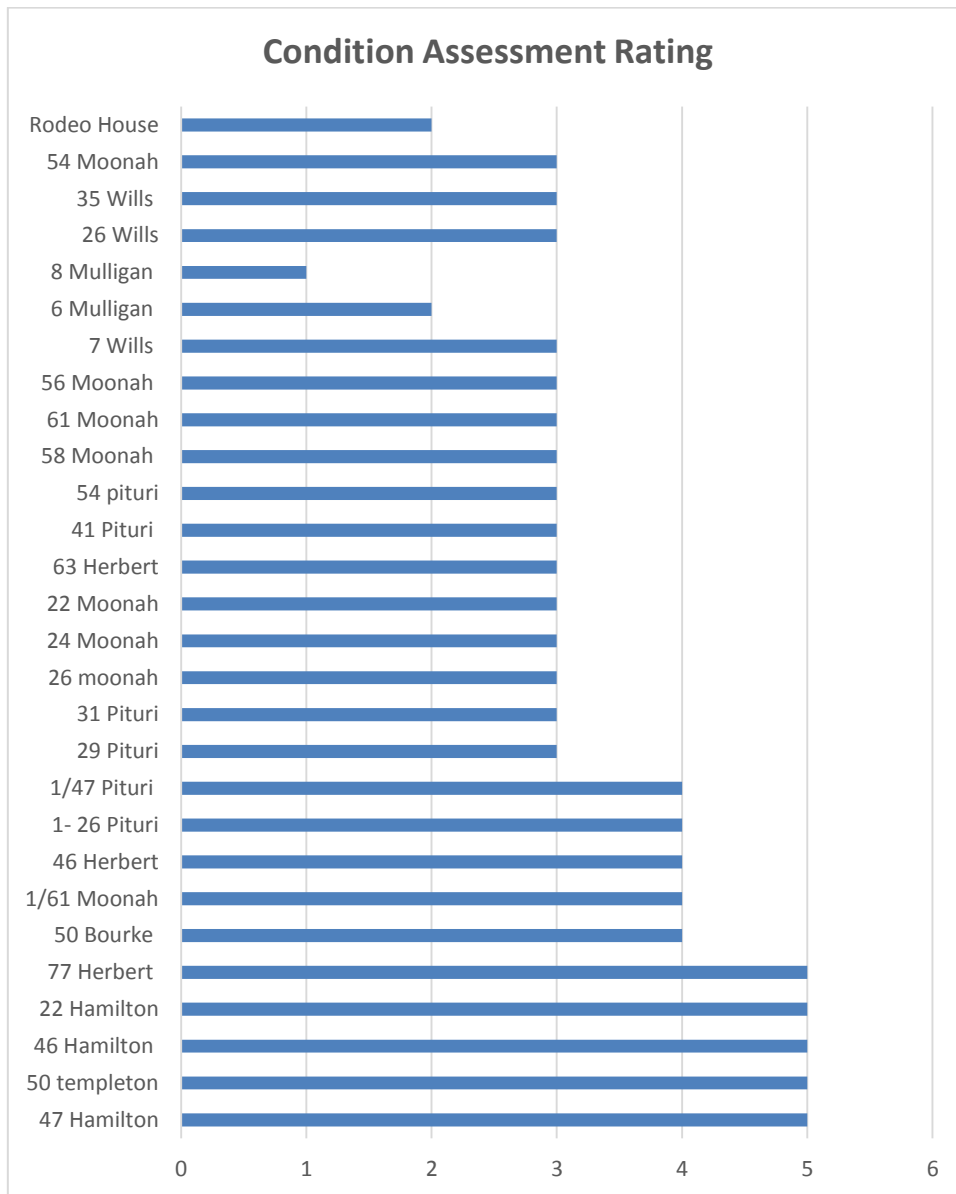
In terms of other residential buildings, the houses in Herbert and Hamilton streets are newer homes with a high condition rating and significantly lower maintenance and renewal costs.

The long term strategy for Council would be to ensure that all houses were maintained or renewed to at least level 4, as this is the level at which the assets are being maintained at a standard that is fit for purpose. On that basis less than one third of the residential properties examined achieve this standard.

The long term priority for Council would be to either dispose of assets that do not meet the standard and replace them with assets that do, or renovate or renew as required, to achieve that level of service.

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Graph 2 Condition Assessment Rating.



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Asbestos:

Of the 36 rental properties that Council owns, 16 contain asbestos and the majority of these have significant levels of asbestos related building products. Some have had asbestos removed in the past from living areas but almost all wet areas such as kitchens, bathrooms and laundry as well as external soffits and wall sheeting are impacted by asbestos related products. There may also be asbestos in some floor coverings in houses as well.

The current regulations state that most asbestos related products are not considered hazardous if they are sealed and not disturbed. This means that houses should be regularly painted and any cracks or damage must be sealed and replaced, any sheeting that has been allowed to weather must be removed and replaced with non-asbestos containing products.

Council has an obligation to carry out regular inspections, provide warnings and maintain a register of asbestos products in use and ensure that any building work undertaken, complies with the WHS requirements for renovations, removal and disposal of asbestos related products.

When undertaking renovations, Council is required to remove any asbestos products that may be disturbed by a licensed asbestos accredited builder and cannot drill, sand, or pressure clean asbestos containing products. Council's building person has been successful in obtaining a permit to remove non-friable asbestos, however the regulations can and do, change and this may have ramifications for the future.

At present Council has been successful in securing an exemption from having an independent asbestos inspector undertake inspections and reporting on asbestos removal and disposal, however this exemption is only for five years and if not renewed, Council will be unable to undertake renovations on buildings containing asbestos without an independent inspector involved. The nearest independent inspector would be Mt Isa.

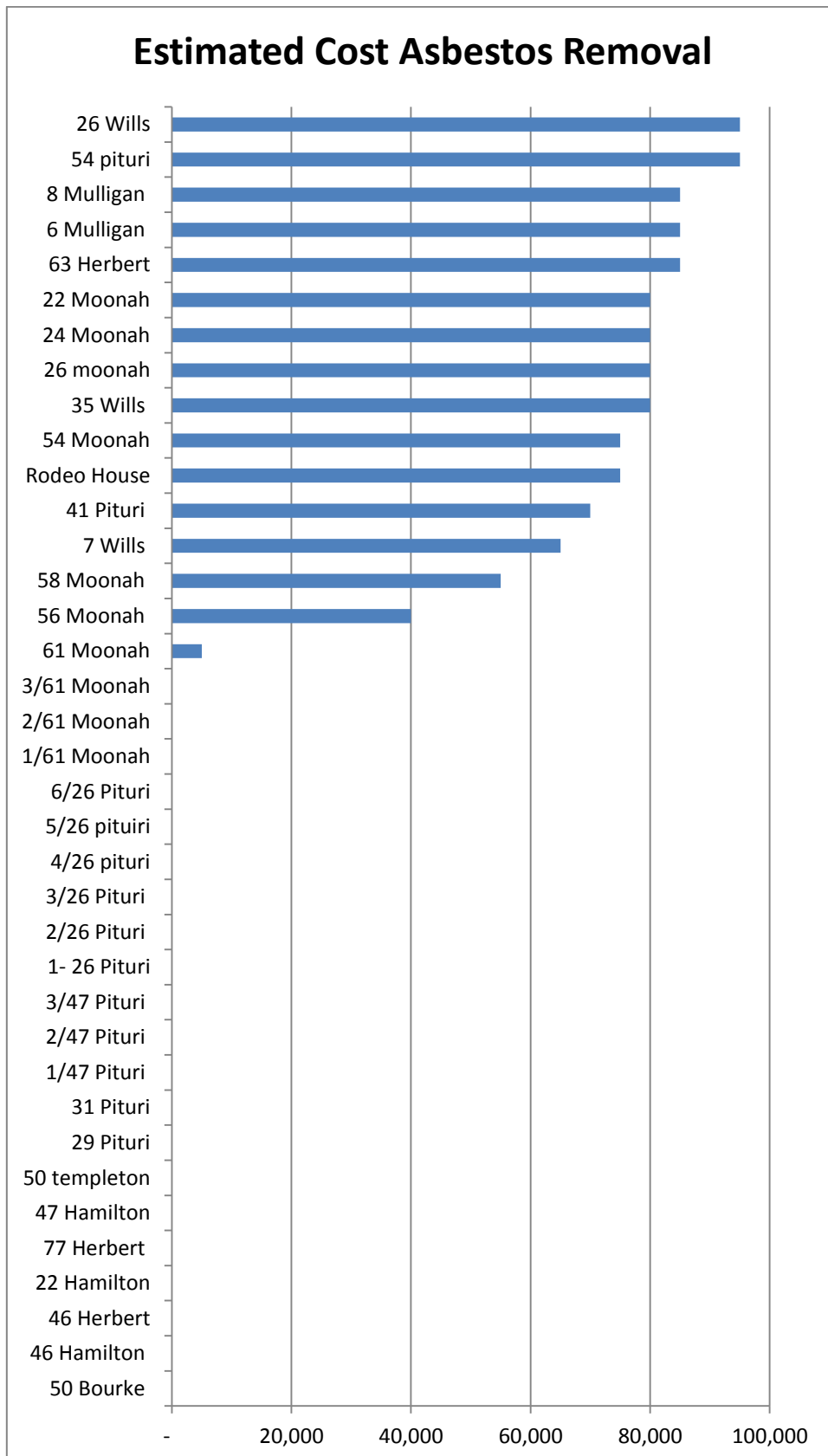
The State Government's long-term objective *"is for all assets managed or controlled by government departments to be free of asbestos containing materials. Until this is achieved, we will appropriately manage all asbestos containing materials in our assets, to safeguard those who occupy service and visit our assets from exposure to respirable asbestos fibres."*

On that basis any long term plan for asset management should include regular inspections, a higher level of scrutiny and maintenance and ultimately, identify the need to remove asbestos related products from Council properties.

The graph (Graph 3) opposite depicts the estimated cost, (Best Guess) to remove asbestos related products from Council houses. Please note these cost have not been included in the backlog or renewal costs shown in later charts.

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Graph 3 Estimated Cost Asbestos removal



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Social issues – housing demand;

One noticeable trend has been for staff and community members to favour larger houses over one bedroom units. Even single staff prefers to rent larger accommodation. The reasons for this may relate to climatic and social issues.

It would appear that very few people, unless they are aged or infirm like to live in a one bed sitter. The obvious reason may be the need to socialise and accommodate visitors, friends and family. On inspections of Council houses there are many occasions when family members are seen to be living with residents, some for short term but quiet often long term. The sleepover is also an accepted trend for social events and so having more space is desirable, even for single people or couples without children.

The other factor influencing this demand for larger premises may be climatic. Bouliia has extreme weather conditions and very little sport or recreational activities happen during the long hot summer. Therefore, the home becomes not only a place to eat and sleep, but a place to pursue recreational hobbies and escape the climatic conditions. Spare bedrooms become craft rooms, studies or games rooms, large verandas or covered areas, garages and air conditioning are essential to this environment.

If Council is seeking to provide accommodation that is to be effective in meeting demand, then it would appear that small one and two bedroom houses are not in demand. In terms of cost, the marginal cost of providing one extra bedroom is a factor, but not as significant, as compared to the initial cost to build or purchase a new home. Therefore the number of rooms and covered outdoor areas need to be a consideration in future planning, if Council wishes to achieve its stated corporate objective.

Recurrent Costs for operation and maintenance:

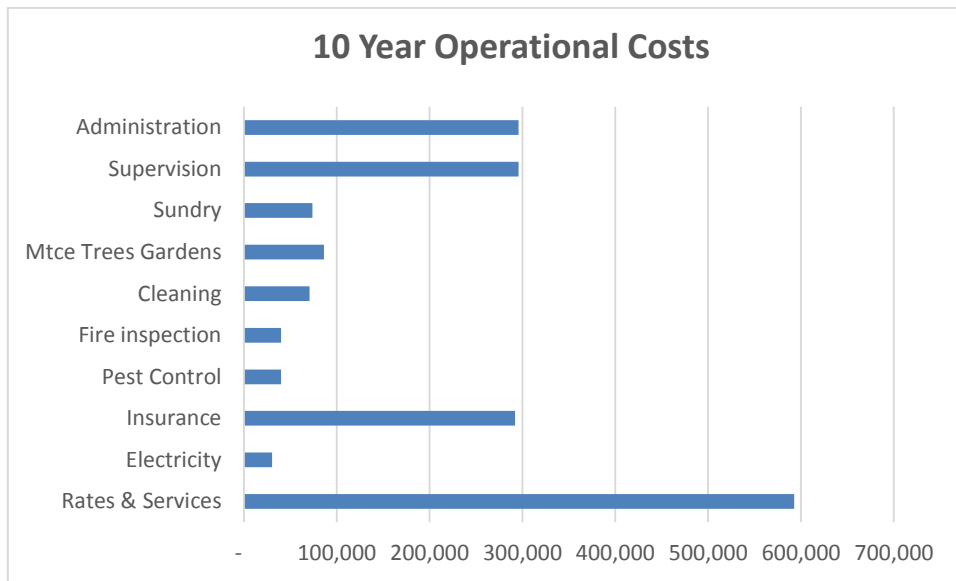
There are three aspects managing housing assets and they are:

- Operations – This is the cost that Council is obliged to meet to provide a housing service. Including under this heading is the cost of rates and charges, annual pest, fire inspection, insurance as well as, supervision and administration of the tenancies and contractors etc. Depreciation is normally also included under operations but is excluded from consideration in this analysis as it is a non-cash outlay.
- Maintenance – This is the cost to maintain the asset as fit for purpose and includes urgent repairs, painting, and servicing of appliances (air conditioners. gas fittings etc.) minor maintenance e.g. door locks, minor movement, cracks , windows, screens, fittings etc.
- Capital Renewal – This is the cost to return the asset to its best modern equivalent standard. Replacing air conditioners, stairs, timber decks, bathroom renovations, kitchen renovations windows, hot water services, appliances such as stoves and furniture (where supplied). This also may include floor coverings, fencing, paving and outbuildings.

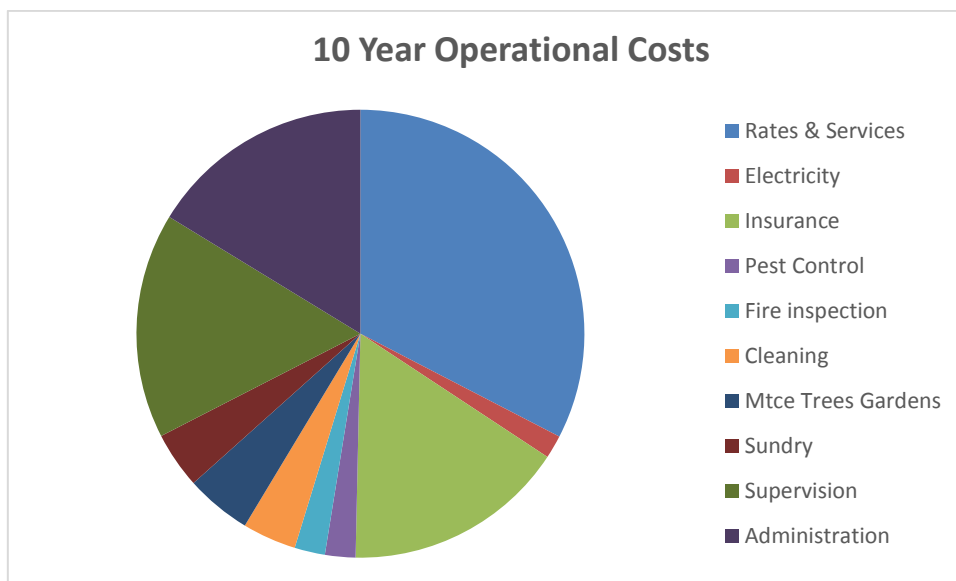
The next few graphs provide some insight as to the way in which those costs are allocated across the current asset base with a program of works that can be undertaken, if Council maintains the same assets and intends to proceed with renovation and repairs.

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Graph 4: 10 Year Operational Costs



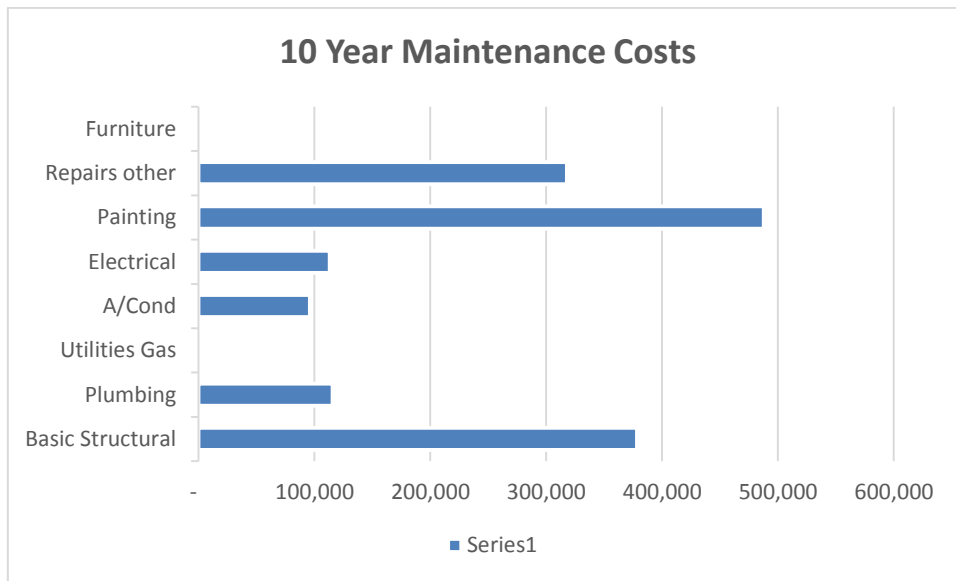
Graph 4A: 10 Year Operational Costs



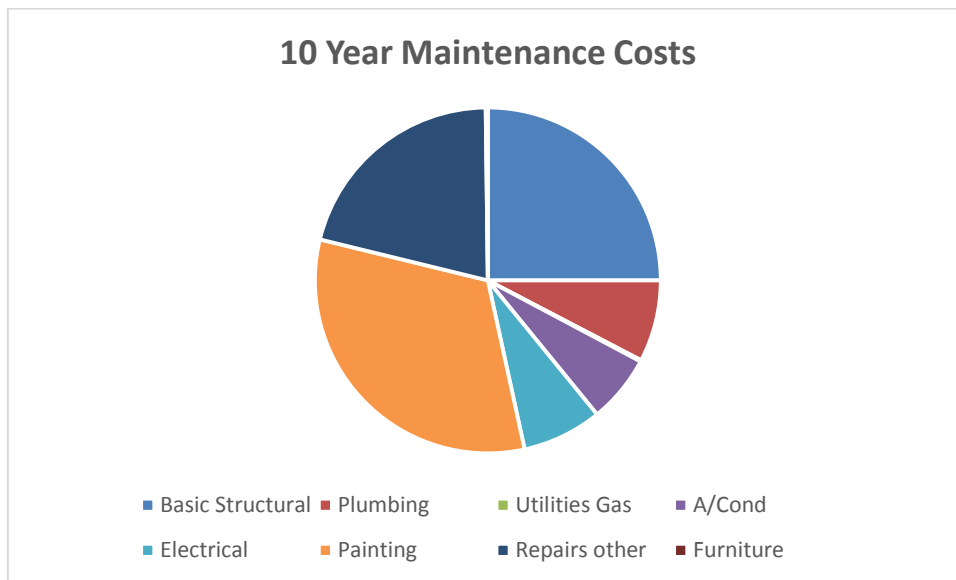
- Operations – This is the cost that Council is obliged to meet to provide a housing service. Including under this heading is the cost of rates and charges, annual pest, fire inspection, insurance as well as, supervision and administration of the tenancies and contractors etc. Depreciation is normally also included under operations but is excluded from consideration in this analysis as it is a non-cash outlay.

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Graph 5 : 10 Year Maintenance Costs



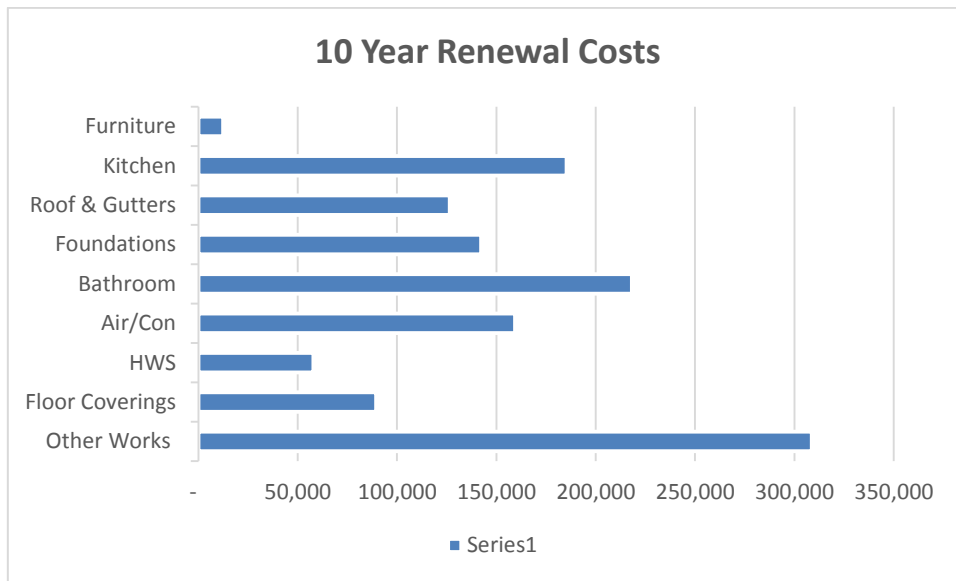
Graph 5A: 10 Year Maintenance Costs



- **Maintenance** – This is the cost to maintain the asset as fit for purpose and includes urgent repairs, painting, and servicing of appliances (air conditioners, gas fittings etc.) minor maintenance e.g. door locks, minor movement, cracks , windows, screens, fittings etc.

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Graph 6: 10 Year renewal Cost



Graph 6A: 10 Year renewal Cost



- Capital Renewal – This is the cost to return the asset to its best modern equivalent standard. Replacing air conditioners, stairs, timber decks, bathroom renovations, kitchen renovations windows, hot water services, appliances such as stoves and furniture (where supplied). This also may include floor coverings, fencing, paving and outbuildings.

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Methodology for undertaking work:

Most of the building repair work is undertaken by the Building Maintenance officer and given that there are 36 rental properties and many more other buildings as well to repair, it is a substantial job.

Finding tradesmen who are prepared to undertake work in Boulia is difficult, finding tradesmen who are prepared to undertake work at a reasonable price is even more difficult. Most visiting tradesmen travel to Boulia and charge that cost up front, effectively adding several hundreds of dollars to every project undertaken. It was also apparent that some contractors were seeking payment for travel from a number of customers, at the same rate and would even charge travel, when already in town for another job or customer.

Strategies to maximise value for money in terms of Housing Maintenance costs include:

- Preplanning trade visits where possible
- Seeking competitive estimates for work prior to orders being raised.
- Replacing with new, if cost effective to do so, rather than repair old. As in many cases the cost of the repeated service calls and parts can, with items such as air conditioners, be almost as much as the replacement cost of new item.
- Securing a regular pattern of work and trades people to undertake work such as painter, plumber and electrician and then comparing rates quoted with alternative suppliers.

Renovate, renew or replace:

If Council wished to ensure that there is a constant supply of affordable and suitable housing to meet demand, then one strategy would be to dispose of older housing stock and build replacement houses. In that way the number of houses available would continue to increase and cheaper older homes would be available for long term or prospective residents to purchase.

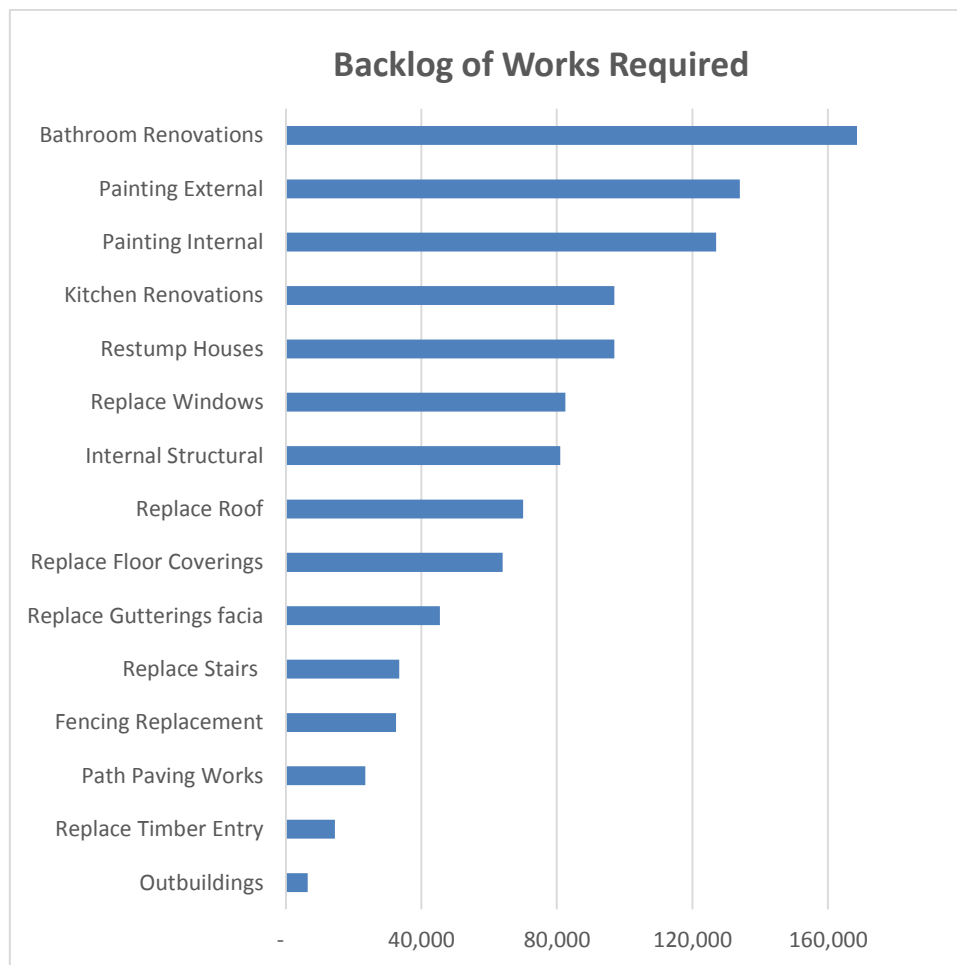
However, this strategy, if adopted, needs to be based on an objective review of the Housing stock, the backlog of work that is required to be undertaken and the impact that the disposal and acquisition of housing would have on the long term financial, social and environmental health of the Council and community.

Graph 7 depicts the identified backlog of work that is required to be undertaken on Council housing to raise the condition of all housing to the level 4: that is, fit for purpose and well maintained. For the purposes of analysis Graph 8 depicts backlog without asbestos removal, Graph 7 A is the same information on property by property basis.

Whilst the two graphs do not include asbestos removal, it is a requirement when undertaking renovations to remove any asbestos that may be disturbed by the renovation works. For example it is no longer legal to cover asbestos product with wall sheeting if it cannot be applied without drilling, cutting or sanding the underlying asbestos sheeting.

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Graph 7 Backlog of Works Required.



The graph indicates that the area most likely to involve the greatest cost over the next 10 years in terms of backlog work is renovations to wet areas and painting.

In many cases painting is long overdue, this is a concern particularly with respect to older asbestos homes, where there is a risk of exposure from contact with weathered surfaces and/or the higher cost of removal being the likely consequence of failing to carry out routine painting.

Next on the list are renovations to kitchens and in this case older homes, particularly those acquired from public housing have issues with cupboard doors, asbestos splashbacks, water damage, rodent damage, uneven floors, torn or loose floor covering and fair wear and tear from many years of use.

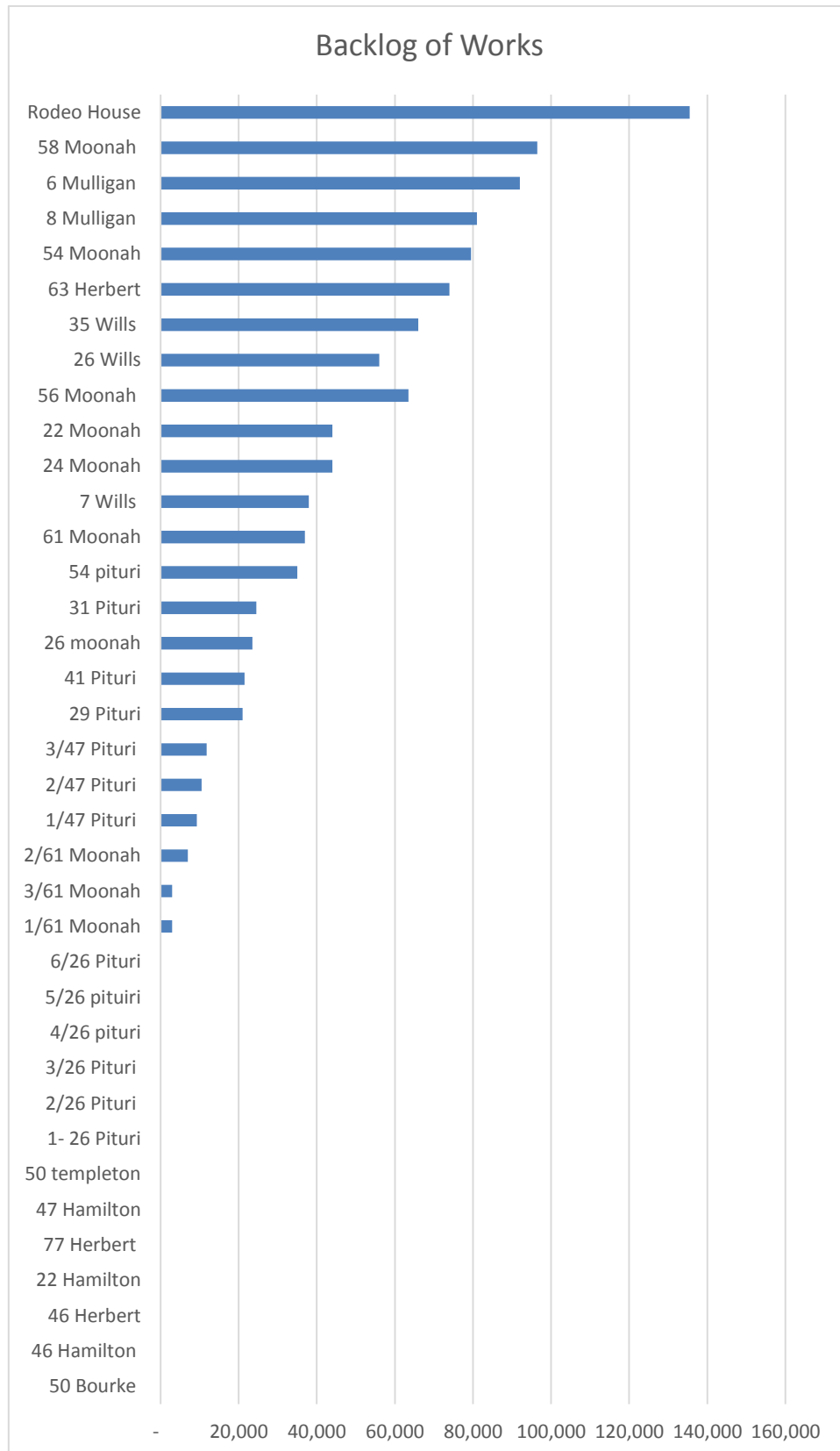
Bathrooms have similar issues, the water in Boullia tends to leave high levels of calcium and iron salt crystal build up that cannot be scrapped off asbestos sheeting walls. White hand basins, bowls and baths also tend to need replacement over time.

Restumping of houses has been identified as an issue, with some homes where internal floor movements and inspections have suggested problems with rust in steel piers and cracking in concrete/brick piers. Houses that have high and accessible under floor areas are reasonably easy to restump. However it is not yet known how the staff can cost effectively address houses that are close

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to the ground, such as 58 Moonah Street that will need restumping, as there is cracking and movement in the old concrete piers.

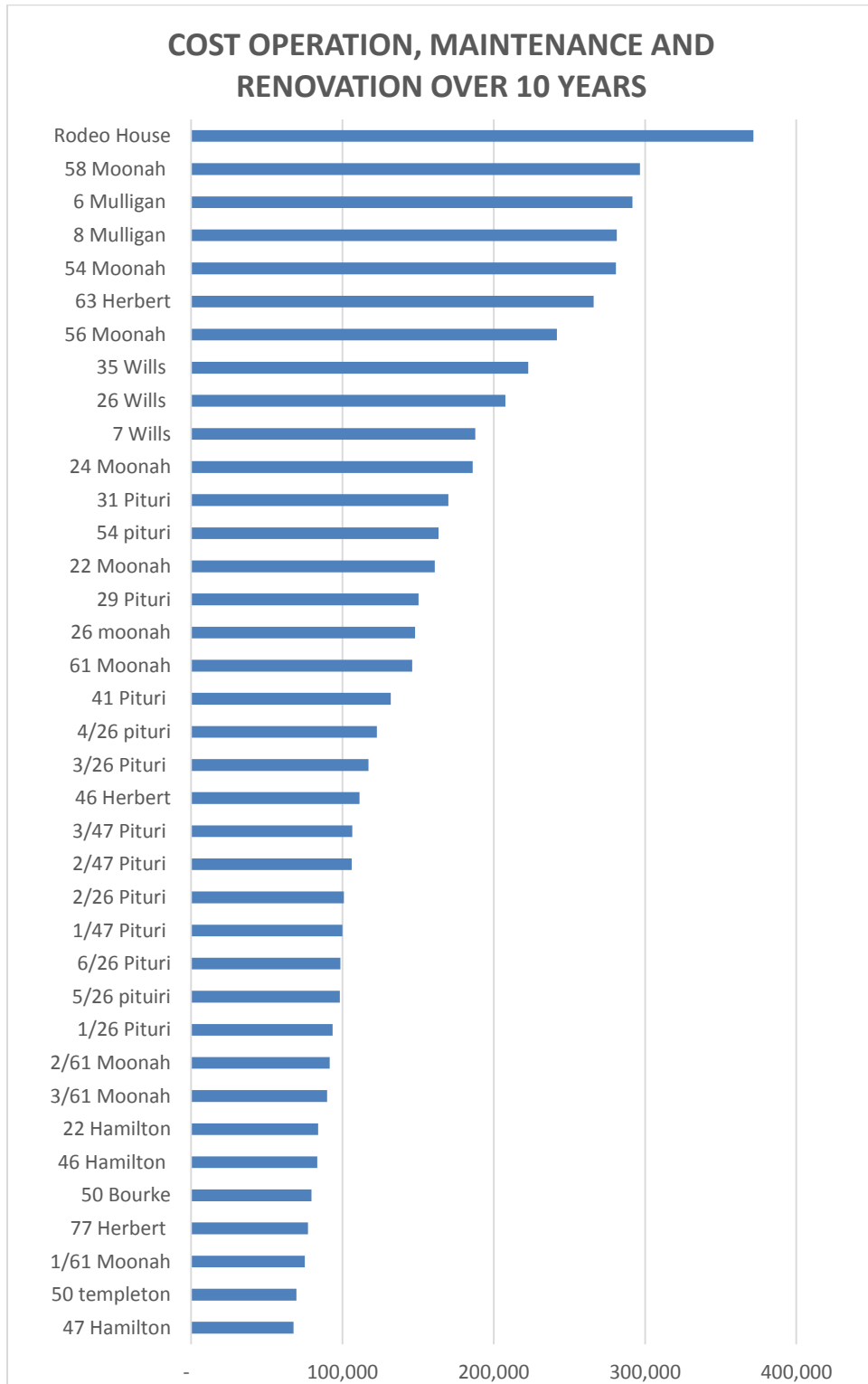
Graph 7 A Backlog of work by Property



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It should be noted that the top 8 houses are responsible for almost three quarters of the total cost of work required to be undertaken to bring all houses up to level 4 standards. These houses also share high costs associated with eventual asbestos removal and high overall maintenance and renewal costs as compared with the remaining properties.

Graph 8 Cost of Operations, Maintenance and Renovation costs over 10 years



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A commentary on the 10 properties with the highest expense is provided as background to the asset management plan.

Rodeo House:



This house has significant structural defects, extensive duct work from previous evaporative cooler needs to be removed; walls are bowed in places, problems with mould, asbestos sheeting and long term maintenance issues. Basically the house needs to be gutted and relined to be reinstated to level 4 conditions. The estimated cost of ongoing operations, maintenance and renovations over 10 years is \$372k. This house is identified as a core house required for the caretaker at racecourse.

58 Moonah Street:



This house has been extended to include a new laundry and internal toilet as a consequence of recurrent plumbing problems, the bathroom was renewed this year. The problem for this property is the foundations and roof, both of which will require attention to bring the house up to level 4 Condition. The estimated cost of ongoing operations, maintenance and renovations over 10 years \$297k.

This house is currently rented to a staff member.

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6 mulligan Street



This is a very old house that was given away at bargain prices in 2008 and has had considerable money expended on renovations. It requires substantially more spent to address overall poor condition. This house has some structural issues, windows have no screens and open over a 3mtr drop, underfloor timber joists are bowed as is the flooring. The bathroom, kitchen and toilet areas are well past their use by date and the removal of asbestos sheeting in these areas is required. A garden shed and fencing were damaged in a fire and internal painting is long overdue. The estimated Cost of Maintenance and renewal over 10 years \$292K. This house is currently rented to a community member.

8 Mulligan Street:



This is a very old house that was given away at bargain prices in 2008 and has had considerable money expended on renovations. It also requires substantially more spent to address overall poor condition. This house has some structural issues, windows have no screens and open over 3mtr drop, underfloor timber joists are bowed as is flooring. The bathroom, kitchen and toilet areas are well past their use by date and the removal of asbestos sheeting in these areas is required. There is also some exposed asbestos ceiling sheeting and the internal walls have tenant damage and need painting and repair. The estimated Cost of Maintenance and renewal over 10 years is \$281K. This house was rented to a community member and is currently vacant and unable to be tenanted due to its current condition.

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54 Moonah Street



This house was acquired from the Dept of Housing in 2007 and is a solid, old, three bedroom house that requires renewal of bathroom & kitchen. The guttering & fascia have rotted due to leaf damage and need to be replaced and it is unlikely that this can be done without replacing the asbestos soffits. The front stairs and landing need to be replaced to bring it up to a level 4 condition over 10 years. The estimated cost of ongoing operations, maintenance and renovations over 10 years \$281k. This house is currently rented to a staff member.

63 Herbert Street



This house was constructed by Council in 1971 and is a solid three bedroom high set house that is showing signs of its age. The building construction is asbestos cement sheeting and work required to be done over 10 years includes renovations to bathroom, kitchen, floor coverings and addressing issues with drainage and fencing. The estimated cost of ongoing operations, maintenance and renovations over 10 years \$266k. This house is currently rented to a staff member.

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56 Moonah Street



This house was purchased from surplus government stock and transported to the site in 2006. It is one of only two 4 bedroom homes that Council owns and has been painted internally but needs external painting and has issues with foundations, windows, fencing, & bathroom. The estimated cost of ongoing operations, maintenance and renovations over 10 years \$266k. This house is currently rented to a staff member.

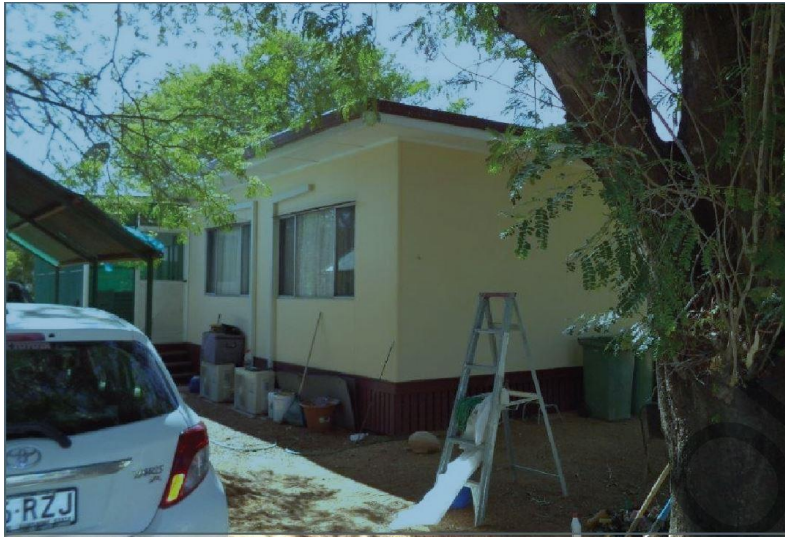
35 Wills street



This is an older style 3 bedroom hardiplank home acquired from the Dept of Housing in 2000. It requires renovations to bathroom, kitchen, stairs, gutters and painting etc. over the next 10 years. The estimated cost of ongoing operations, maintenance and renovations over 10 years \$221k. This house is currently rented to a staff member.

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26 Wills street



This property was acquired by Council in 2011 with the Post Office premises. The land has now been separated from the Post office Block and Council has arranged to relocate the power connection. It is a 3 bedroom fibro home and requires renovations to glass door entry, painting, fencing, guttering, floor coverings and bathroom. The estimated cost of ongoing operations, maintenance and renovations over 10 years \$208k. This house is currently rented to a staff member.

7 Wills Street:



This is an older style 3 bedroom hardiplank home acquired from the Dept of Housing in 2000. It requires internal painting, repairs to walls, windows, renovations to bathroom, kitchen, stairs, gutters and painting etc. over the next 10 years. The estimated cost of ongoing operations, maintenance and renovations over 10 years \$189k. This house is currently rented to a staff member.

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Snapshot:

To summarise what has been considered to this point:

- Council has a corporate objective
 - **“To endeavour to provide sufficient, affordable and suitable housing to meet demand.”**
- Council owns and manages 36 rental properties for staff, community and contractor use.
- The majority of the rental premises are over 40 years old
- The average age of all Council housing is 34 years.
- 16 of the 36 houses have asbestos and this significantly impacts on the cost and the way in which repairs/renovations are undertaken.
- More than three quarters of the future cost to maintain, operate and renovate housing is relative to one quarter of all rental premises.
- There appears to be a social and environmental preference for larger rather than smaller premises.
- Two thirds of Council residences have significant defects that require maintenance to return to an acceptable level of service, including one that is unserviceable and two that require major upgrades.
- Finding tradesmen to undertake work is difficult and strategies have been identified to maximise outcomes.
- A review of the ten most expensive homes has been presented as well as graphs and charts concerning cost to operate, maintain, renew and renovate all rental premises up to the status of “fit for purpose, requiring minimal maintenance only”.

PART 2 ANALYSIS OF OPTIONS

Commentary:

This report has outlined a fairly dismal outlook on the current condition of Council's housing assets and that is not intended as criticism, just an indication that managing 36 rental properties in a small remote rural community is a significant challenge, one that requires substantial resources, innovative thinking and long term planning. It would be absurd to consider that Council would plan to allow assets to deteriorate, would willingly accept assets that are of poor standard or plan for tenants that at times test the boundaries in terms of inadvertent and wilful damage.

The Tenancy laws also tend to favour the tenant when it comes to paying for "accidental" damage, vermin control and overall cleanliness of fittings such as air conditioners, stoves etc. and bonds rarely cover the full cost of cleaning and repairing damage done, when delinquent tenants vacate.

So does this mean that we maintain different types of housing assets for different types of tenants? I.e. The community house, handed down from public housing and newer homes for "better" tenants.

Differing Demands for Housing:

If the primary purpose of housing assets is to provide sufficient, affordable and suitable housing to meet demand, then unless there is a different demand, the type and condition of housing should be similar.

However there are different demands for housing:

- **Executive Staff Housing:** This is Core housing that has been identified as being essential to attract and retain executive staff. Whilst not all Council's provide housing for executive staff it is expected that rural and remote Council's would include quality housing and a motor vehicle as part of an employment package to attract and retain executive staff. Depending on circumstances and personal preferences, there may be high expectations in the market place as to the type and quality of housing provided for executive staff.
- **Key Staff Housing:** This is core housing that has been identified as being essential to attract and retain key staff who, in most circumstances, have skills, qualifications and experience that is highly sought after and who are likely to be recruited from outside of the commute distance, to the place of work.
- **Other Staff Housing:** This is housing that has been identified as being necessary to provide accommodation for employees of the Council, who may otherwise be unable to purchase or rent a suitable property from private sources.
- **Contractor Accommodation:** Council may need to provide accommodation to meet short or long term needs of contractors and consultants engaged by Council or to facilitate economic or business development in the community.
- **Community Housing:** This is housing that has been identified as being necessary to meet demand for rental accommodation in the community and may include special purpose aged care accommodation.

There is no doubt that Council should provide the best possible accommodation to meet the demand, irrespective of the nature of that demand, however the reality is that Council has limited

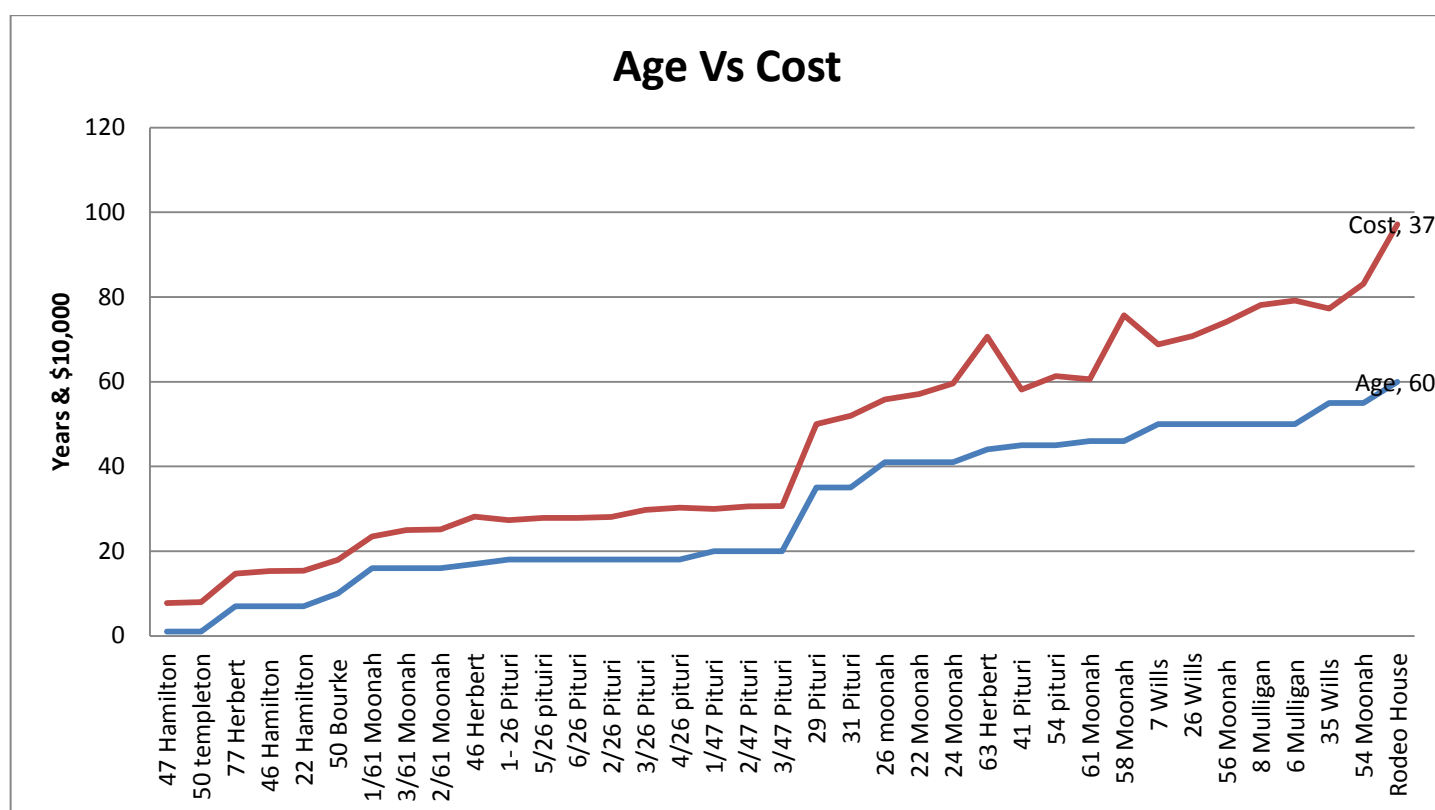
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resources and there are other levels of Government working in the affordable housing sector. Council has a variety of functional responsibilities and housing for staff required to enable the Council to function is implicitly a higher priority than other demands.

Economic Perspective New Vs Old:

The examination of ongoing cost for maintenance and renewal cost clearly show that it is cost effective to have newer houses. In fact the Council would save an average of \$20,000 per house per year if the five oldest houses were replaced with the five newest houses. This trend is depicted in Graph 9 where older houses have significantly greater costs to operate, repair and maintain.

Graph 9 Age of Houses compared to Cost of Ownership



There appears to be a sound economic argument for having new as opposed to maintaining old houses. However, this analysis does not address the issue of how Council moves from the owner of 40 to 60 year old houses, to modern new homes. It appears that the cost of ongoing maintenance and renewals climbs dramatically at the 35-40 year age.

Consequently, with 36 rental properties, a simplistic view would be that Council could plan to build or buy one new house and dispose of one old house every year. Council would need to consider the optimum number of new houses, how the purchase is to be funded, the age at which houses should be disposed, and how and if, Council is able to offload older houses.

Land for new housing is not an issue, Council currently has blocks of vacant land available and plans are underway for a new residential subdivision.

Social Perspective Housing Provider:

It makes social sense to ensure that there are sufficient houses available to meet the demand. However, it is questionable for Council to have the primary role in meeting the demand for affordable housing, particularly public housing where other agencies have both an interest and a role to play.

Council may consider a shift in focus for being a provider of the service to being an advocate for the service to be provided.

In terms of demographics the population for Bouliia Shire as at 30th June 2011 was 471 persons. This represented an increase of 3 persons or 0.6% since the last census. The long term prediction is for this trend to continue. So in terms of population analysis there is unlikely to be a greater demand for housing as a consequence of population growth. (1)

However, population is not the only driver for housing demand. Council currently rents three houses to contractors and some community houses are for the employees of contractors. The new homes allocated to contractors do in the short term produce a positive cash flow however, if considered in the light of Councils strategy, Council is keeping and maintaining older homes because the newer homes are rented to contractors.

Very few business that move to town rely on Council to provide accommodation for their staff and so it questionable for Council to have a long term strategy to provide permanent accommodation for business moving to town.

The Gas Pipeline supplies and maintains two houses in town and these have well maintained lawns and gardens, are regularly cleaned and maintained by local people, they might not be generating a rental return for Council but they do provide an economic return to the community.

If the goal of Council is to supply affordable housing to meet demand then this can be achieved by either being a landlord, as at present, or by being a real estate developer, regularly supplying affordable homes for sale to meet demand.

Because the demand is so low, Council could reasonably expect to meet the demand by turning over properties, buying new homes and selling off old homes instead of renting them. This action may also provide opportunities for both private and business housing investors and in the long term, provide a more favourable social and economic outcome for Council and the community.

Environmental Perspective:

At present Council has a significant backlog of work that needs to be done to bring the majority of Council housing up to the level that is required for them to be fit for purpose.

Whilst there are good economic and social reasons for Council to ensure that houses that are owned by the Council are well maintained, free from potential hazards and fit for purpose, what is the best environmental perspective?

Asset Management Plan

The majority of the homes requiring attention have significant quantities of asbestos products and so a consideration is what impact would the renovation or disposal of these properties have on the environment.

Asbestos products have only been banned from use in building products for around 35 years and so there are many homes and buildings made of asbestos products. The sale or renovation of housing containing asbestos will be the same irrespective of who owns the property; the only difference will be who meets the cost of the demolition.

It would be certain that when the second hand "bargain properties" were offered for sale in the late 90's by Community Services, they took into consideration the fact that they contained asbestos and that eventually someone, other than the government, would be tasked with the responsibility and cost of its removal.

From an environmental perspective, whoever undertakes the renovations they will have to comply with the current WHS guidelines for all work that is undertaken and so the only questions for Council to consider are the economic and social perspectives.

Where to from here:

As an organisation providing rental accommodation the best outcome would be not to have any old and poorly maintained properties in the property portfolio. The best outcome for Council and the community would be for Council to gradually dispose of older properties and replace them with newer properties.

In this way the local market can absorb a gradual trend in annual sales and Council can budget for the annual replacement of a house. Where a house such as the Rodeo Caretakers cottage is located on land that is not suitable for sale, the preference may be to offer the home for relocation and sale and/or demolition, after a replacement home is built.

Council should also identify vacant land that is suitable for housing and when this is exhausted, commence construction of the new houses in the residential subdivision, one property at a time.

As 8 Mulligan Street is currently vacant and surplus to Council needs, it is recommended that this house be cleaned, tidied up and offered for sale by tender at the earliest opportunity, rather than continue to pour additional money into its continual upgrading and renovation. The property has been subdivided and is capable of being sold on an, as is where is basis. The sale of this property by tender, will provide guidance to Council on current market conditions and provide impetus to possible future sales.

RECOMENDATIONS:

The spreadsheet attached provides a summary of the current housing stock and recommendations in terms of current housing for Council to consider going forward.

Address	Description	Bed	Age	Current Replacement Cost	Written Down Value	10year Cost oper, Maint & Renewal	Comments re condition and renovations required	Long Term Strategic Objective for this Rental Property.
Rodeo House	Older style 3 Bedroom House timber walls floor and a/c sheeting internal and external, concrete piers iron roof, significant issues with internal walls old ducting and mould	3	60	166,900	43,820	371,700	This house has serious structural defects, extensive duct work from previous evap cooler needs to be removed; walls are bowed in places, problems with mould, asbestos and long term maintenance issues. Basically the house needs to be gutted and relined.	That Council build a new caretakers cottage on the Rodeo Grounds and once completed offer the old house for relocation/demolition and removal.
50 Bourke	new brick 3 bedroom home significant issues with water penetration into bedrooms from external and bathroom	3	10	163,880	119,170	79,500	The house has some building issues that can be addressed	That this house continues to be maintained and retained as priority for staff housing.
35 Wills	Older style 3 Bedroom high set house with timber floors hardi plank Walls, steel piers corrugated iron roof and asbestos sheeting to soffits, bathroom laundry and ceilings.	3	55	257,500	84,270	222,700	This house structurally sound, but dated, could use renovation and removal of asbestos in process.	This house is located on a large 3ha parcel of land, it is therefore recommended that the land be subdivided and the property considered for eventual sale once a suitable replacement staff house is available.
46 Hamilton	Modern 2 bedroom home aluminium wall, colourbond roof with carport, Garden Shed and covered veranda area.	2	7	256,810	170,100	83,400	Modern two bedroom house in good condition	That this house continues to be maintained and retained as priority for staff housing.
58 Moonah	Older style 2 Bedroom Low set house with timber flooring, walls brick piers corrugated iron roof and asbestos sheeting to soffits and some areas.	2	46	243,165	88,340	296,650	This house has problem with footings, roof was painted but rust showing and issues with asbestos	That this house be offered for sale when a suitable replacement staff house is available.
56 Moonah	Older style 4 Bedroom Low set house with timber walls & flooring, steel piers corrugated iron roof and asbestos sheeting to soffits and internal wet areas.	4	50	317,150	147,322	241,800	This house has issues with piers moving but otherwise structurally sound, kitchen modern but bathroom/toilet need work and has some issues with asbestos that needs to be addressed.	That this house be offered for sale when a suitable replacement staff house is available.
54 Moonah	Older style 3 Bedroom High set house with timber flooring, H Plank Walls, steel piers corrugated iron roof and asbestos sheeting to soffits and some areas.	3	55	287,500	94,090	280,800	This house structurally sound, but dated, could use renovation and removal of asbestos in process.	That this house be offered for sale when a suitable replacement staff house is available.

Asset Management Plan

Address	Description	Bed	Age	Current Replacement Cost	Written Down Value	10year Cost oper, Maint & Renewal	Comments re condition and renovations required	Long Term Strategic Objective for this Rental Property.
46 Herbert	Modern 3 bedroom home with large garage carports and covered areas solar HWS	3	17	423,300	238,250	111,200	Modern three bedroom house in good condition, recurrent maintenance.	That this house continues to be maintained and retained as priority for staff housing.
63 Herbert	High set 3 bedroom Timber and Asbestos sheeting home flat iron roof	3	44	466,634	216,650	266,100	This house structurally sound, but dated, could use renovation and removal of asbestos in process.	That this house be offered for sale when a suitable replacement staff house is available.
41 Pituri	Older style 4 Bedroom House timber walls floor and a/c sheeting internal and external steel piers iron roof, windows perspex new kitchen and internal paint	4	45	262,500	85,910	131,900	This house has new kitchen and piers replaced 2014 is now structurally sound, needs bathroom upgrade and removal of asbestos	That this house be retained and eventually offered for sale when a suitable replacement staff house is available.
7 Wills	Older style 3 Bedroom high set house with timber floors hardi plank Walls, steel piers corrugated iron roof and asbestos sheeting to soffits, bathroom laundry and ceilings.	3	50	235,000	76,910	187,800	This house has some structural issues, windows and damage to walls but otherwise structurally sound, not looked after by tenants and dated, could use renovation and removal of asbestos.	That this house be considered surplus to Council needs offered for sale to tenants or otherwise disposed of.
6 Mulligan	Older style 3 Bedroom high set house with timber flooring, timber Walls, steel piers corrugated iron roof and asbestos sheeting to soffits, bathroom kitchen and ceilings and some areas.	3	50	255,000	83,460	291,700	This house has some structural issues, windows have no screens and open over 3mtr drop, underfloor timber poor as is flooring, bathroom and kitchen, roof new but sagging and removal of asbestos sheeting required.	That this house be considered surplus to Council needs offered for sale to tenants or otherwise disposed of.
8 Mulligan	Older style 3 Bedroom high set house with timber flooring, timber Walls, steel piers corrugated iron roof and asbestos sheeting to soffits, bathroom kitchen and ceilings and some areas.	3	50	255,000	83,460	281,250	This house has some structural issues, windows have no screens and open over 3mtr drop, underfloor timber poor as is flooring, bathroom and kitchen, roof new but sagging and removal of asbestos sheeting required.	This house is considered surplus to Council needs and should be cleaned and tidied up and offered for sale by tender at the earliest opportunity.

Asset Management Plan

Address	Description	Bed	Age	Current Replacement Cost	Written Down Value	10year Cost oper, Maint & Renewal	Comments re condition and renovations required	Long Term Strategic Objective for this Rental Property.
22 Hamilton	New colour bond 2 bedroom home	2	7	258,450	171,000	83,900	Modern two bedroom house in good condition	That this house continues to be maintained and retained as priority for staff housing.
77 Herbert	Modern 2 bedroom home with large garage carport and covered veranda area, solar HWS	2	7	255,000	83,460	77,100	Modern two bedroom house in good condition minor maintenance required	That this house continues to be maintained and retained as priority for staff housing.
47 Hamilton	Modern 2 bedroom home with carport and covered veranda area.	2	1	240,810	236,750	67,700	Modern two bedroom house in good condition minor maintenance required	That this house continues to be maintained and retained as priority for staff housing.
50 Templeton	Modern 2 bedroom home with carport and covered veranda area.	2	1	240,810	236,750	69,500	Modern two bedroom house in good condition minor maintenance required	That this house continues to be maintained and retained as priority for staff housing.
26 Moonah	Older style 3 Bedroom low set house with timber flooring, steel piers corrugated iron roof and asbestos sheeting to external walls, soffits and some areas.	3	41	230,000	75,300	147,900	This house structurally sound, but dated, could use renovation and removal of asbestos in process.	That this house be offered for sale when a suitable replacement staff house is available.
24 Moonah	Older style 3 Bedroom low set house with timber flooring, H Plank Walls, steel piers corrugated iron roof and asbestos sheeting to soffits and some areas.	3	41	258,000	110,580	186,100	This house structurally sound, but dated, could use renovation and removal of asbestos in process.	That this house be offered for sale when a suitable replacement staff house is available.
22 Moonah	Older style 3 Bedroom low set house with timber flooring, H Plank Walls, steel piers corrugated iron roof and asbestos sheeting to soffits and some areas.	3	41	254,000	108,870	160,900	This house structurally sound, but dated, could use renovation and removal of asbestos in process.	That this house be offered for sale when a suitable replacement staff house is available.
29 Pituri	Restored Older style 3 Bedroom House plastic sheeting to external walls timber flooring, steel piers new colour bond roofing, internal lined with fibro cement sheeting.	3	35	332,199	154,250	150,200	Despite its age this house has been renovated since construction and is in fair condition.	That this house be offered for sale when a suitable replacement staff house is available.
31 Pituri	Restored Older style 3 Bedroom House plastic sheeting to external walls timber flooring, steel piers new colour bond roofing, internal lined with fibro cement sheeting.	3	35	228,570	143,168	169,900	Despite its age this house has been renovated since construction and is in fair condition.	That this house be offered for sale when a suitable replacement staff house is available.
54 pituri	Older style 2 Bedroom House timber walls floor and a/c sheeting internal and external concrete piers iron roof, small house	2	45	199,500	72,500	163,400	This house structurally sound, but dated, could use renovation and removal of asbestos in process.	That this house be offered for sale when a suitable replacement staff house is available.

Asset Management Plan

Address	Description	Bed	Age	Current Replacement Cost	Written Down Value	10year Cost oper, Maint & Renewal	Comments re condition and renovations required	Long Term Strategic Objective for this Rental Property.
26 Wills	Older style 3 Bedroom house with timber floors fibro Walls, brick piers corrugated iron roof and asbestos sheeting to walls throughout, soffits, bathroom laundry and ceilings.	3	50	240,590	111,790	207,600	This house structurally sound, but built almost entirely of asbestos sheeting some modern fittings but rest very dated. There are issues with large trees overhanging building and no garage, overhead water tower and dividing fence.	That this house be offered for sale when a suitable replacement staff house is available.
1/47 Pituri	One bedroom free standing modern unit constructed of besser brick and colour bond with garden shed	1	20	176,500	81,430	100,000	This is a modern unit that needs some minor works to bring up to standard	That this house continues to be maintained and retained as priority for staff/community housing.
2/47 Pituri	One bedroom free standing modern unit constructed of besser brick and colour bond with garden shed	1	20	176,500	81,430	106,000	This is a modern unit that needs some minor works to bring up to standard	That this house continues to be maintained and retained as priority for staff/community housing.
3/47 Pituri	Two bedroom free standing modern unit constructed of besser brick and colour bond	2	20	162,420	59,170	106,500	This is a modern unit that needs some minor works to bring up to standard	That this house continues to be maintained and retained as priority for staff/community housing.
1/26 Pituri	One bedroom modern unit constructed of besser brick and colour bond	1	18	97,846	60,354	93,500	This is one of a group of six units currently undergoing painting and ceiling replacement	That this house continues to be maintained and retained as priority for staff/community housing.
2/26 Pituri	One bedroom modern unit constructed of besser brick and colour bond	1	18	97,846	60,354	100,900	This is one of a group of six units currently undergoing painting and ceiling replacement	That this house continues to be maintained and retained as priority for staff/community housing.
3/26 Pituri	Furnished One bedroom modern unit constructed of besser brick and colour bond	1	18	97,846	60,354	117,200	This is one of a group of six units currently undergoing painting and ceiling replacement	That this house continues to be maintained and retained as priority for staff/community housing.
4/26 pituri	Furnished One bedroom modern unit constructed of besser brick and colour bond	1	18	97,846	60,354	122,700	This is one of a group of six units currently undergoing painting and ceiling replacement	That this house continues to be maintained and retained as priority for staff/community housing.
5/26 pituri	One bedroom modern unit constructed of besser brick and colour bond	1	18	97,846	60,354	98,200	This is one of a group of six units currently undergoing painting and ceiling replacement	That this house continues to be maintained and retained as priority for staff/community housing.
6/26 Pituri	One bedroom modern unit constructed of besser brick and colour bond	1	18	97,846	60,354	98,700	This is one of a group of six units currently undergoing painting and ceiling replacement	That this house continues to be maintained and retained as priority for staff/community housing.

Asset Management Plan

Address	Description	Bed	Age	Current Replacement Cost	Written Down Value	10year Cost oper, Maint & Renewal	Comments re condition and renovations required	Long Term Strategic Objective for this Rental Property.
61 Moonah	Old one bedroom hard plank unit with some asbestos sheeting in laundry and wet areas, stand alone	1	46	86,520	28,320	146,100	This is a single free standing unit that is located on large aged care accommodation unit block. It is currently vacant.	That, due to its location and condition this house be considered for eventual sale/relocation.
1/61 Moonah	One Bedroom pensioner units brick and colour bond	1	16	92,115	42,810	75,000	This is one of a group of three one bed sitters used for aged	That this house continues to be maintained and retained as priority for aged care housing.
2/61 Moonah	One Bedroom pensioner units brick and colour bond	1	16	92,115	42,810	91,600	This is one of a group of three one bed sitters used for aged	That this house continues to be maintained and retained as priority for aged care housing.
3/61 Moonah	One Bedroom pensioner units brick and colour bond	1	16	92,115	42,810	89,900	This is one of a group of three one bed sitters used for aged	That this house continues to be maintained and retained as priority for aged care housing.

(1) Refer (<http://www.qgso.qld.gov.au/products/reports/pop-housing-profiles-lga/pop-housing-profile-boulia.pdf>)