COMMUNITY COUNCIL OF MAUI
CCM
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website: ccmmaui.com

June 2021

SUBMIT YOUR PHOTOS FOR A FEATURE IN AN UPCOMING NEWSLETTER!
Please email Elaine Gascon at Elaine.Gascon@kingneel.com

Welcome to the Community Council of Maui (CCM)!

Originally formed in 1991 as The Condominium Council of Maui (CCM) and now known as The Community Council of Maui (CCM), we are committed to hosting regular meetings to provide the opportunity for association members to exchange information, share experiences, form ideas and reach solutions. We offer a forum for educational programs that feature recognized experts in Condominium and Community Association affairs for the benefit of each property and individual owners. With our established relationship with State agencies, our Board of Directors remains up-to-date on newly proposed and enacted laws that affect associations and its owners.

2021 CCM BOARD OFFICERS & DIRECTORS

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A Message from the President

Dear CCM Members,

As we come out of lock down and begin socializing, getting back to working in the office and visiting clients in person, CCM Board is looking forward to having in-person seminars again. When the County gives the go ahead and King Kamehameha Golf Course allows more than a handful of people, we are ready to present in-person seminars.

This newsletter issue has a great article following up on the Statute of Repose. Rebecca Filipovic and Kyle Pineo dive deeper into explaining what constitutes a "Completion Date", recommending a "Forensic Investigation", and tips for a new properties Board of Directors. Also included is a great article on replacing windows and doors. Read on for the details!

In my last Presidents letter, I thanked Chris Porter and Al Andrews for their years of service and welcomed Phil Nerney to the board. I would like to announce another new board member, Sarah Freitas from Destination Maui. Welcome Sarah! We look forward to your sharing knowledge and participation on the Board of Directors.

Our next seminar will be on September 10, 2021. This year's "Disaster Preparedness Seminar" will not be the usual agenda on natural disasters. The presentation will be on manmade ones, particularly an Active Shooter. Presented by Della Nakamoto and Mila Salvador, their speakers will walk you through actions, or lack of, in this unfortunate type of emergency. All too common of a situation, we are here to educate and prepare you for all types of disasters. Please join us in September to start off the fall program.

We hope to see your faces in person soon!

Respectfully, your Board President,

Lisa Cano

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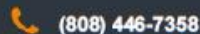
Rebecca Filipović

Rebecca Filipović is a Senior Associate with McKeon Sheldon Mehling LLLC. Rebecca represents condominium and community associations in complex construction defect, real estate, construction, and general litigation matters. Rebecca also advises boards of directors on issues related to construction, fiduciary duties, reserves, statutory compliance and enforcement.

CONTACT



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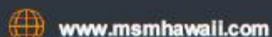

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What is the Statute of Repose and Why Care?

Many boards generally understand that they have ten years to file a claim for construction defects. Boards interpret the statute of repose as imposing an absolute bar of all claims related to the original construction ten years after the project is complete. Sounds straightforward enough.

But a closer look at the statute of repose reveals that the law is not as clear as many assume and associations may be able to bring claims later than they think.

The statute of repose is set forth in Hawaii Revised Statutes § 657-8 and says:

> (a) No action to recover damages for <u>any injury to property</u>, real or personal, or for <u>bodily injury or wrongful death</u>, arising out of any deficiency or neglect in the planning, design, construction, supervision and administering of construction, and observation of construction relating to an improvement to real property shall be commenced more than <u>two years after the cause of action has accrued</u>, but in any event not more than <u>ten years after the date of completion of the improvement</u>.

See HRS § 657-8(a) (emphasis added).

What constitutes the "date of completion" of a project? Why does the statute of repose refer to a two-year period after a cause of action accrues? What does that mean? Does the statute of repose really bar all possible claims?

Hawaii's courts have not answered all of these questions yet.

Not knowing how to navigate answers to these questions can lead boards to overestimate the time they have to bring certain claims or ignore viable claims they may have based on a misunderstanding that the ten-year statute of repose has run.

This article discusses these questions and what associations need to know to protect their communities.

When Does the 10-Year Period Begin?

There is no clear line in the sand that conclusively starts the clock on the ten-year statute of repose. Not knowing when the ten-year period begins places associations in the precarious position of not knowing exactly when the ten-year period ends. This could have the drastic consequence of cutting off an association's ability to bring certain claims for construction defects after ten years.

The statute of repose defines the "date of completion" as "the time when there has been substantial completion of the improvement." The statute of repose then states that "filing an affidavit of publication and notice of completion with the circuit court ...shall be *prima facie* evidence of the date of completion." *See* HRS § 657-8(b).

What associations really need to know about the statute of repose

Maui-based attorneys provide specific guidance on how you can protect your association and preserve its legal claims.

Kyle Pineo

Kyle Pineo is an Associate Attorney at Berding & Weil LLP's Hawaii office. Kyle represents common interest developments and property owners in construction, real estate, and insurance litigation, including construction defect cases involving new construction, conversion, repair, and renovation work for single family homes and low-, mid-, and high-rise common interest developments.

CONTACT

Developers control the date that notices of completion are filed and will often self-servingly file them early – before the project is substantially complete – in order to get the clock running on the statute of repose. Moreover, not all developers will file a notice of completion and, if they do, the notices of completion may not end up in the association's files after turnover.

The phrase "*prima facie* evidence" in the statute means that the evidence is not conclusive. *Prima facie* evidence can be rebutted by other evidence. For example, evidence showing that a substantial amount of construction occurred after the date the notices of completion were filed with the court could lead to a later date.

How then is an association supposed to know when the clock runs? Other evidence of the date of completion of a project may include certificates of occupancy, which can sometimes be more than a year after the notices of completion are filed. The date that the Building Department closes out the building permits may also suggest the date of completion. The Condominium Property Act, HRS § 514B-3 defines "completion of construction" to also include (in addition to the above trigger dates), when a developer/builder records as-built amendments on an association's governing documents; when an architect issues a certificate of substantial completion; or the date a unit is occupied.

Then there's the question of whether a project is ever substantially complete if the project is so rife with construction defects that, from the outset, require ongoing, significant and costly repairs.

In practice, it is difficult for associations to conclusively identify the starting date of the ten-year statute of repose.

For that reason, we recommend consulting with your general counsel and construction attorneys early after a project transitions from developer control. This allows professional consultants to investigate your project, monitor the buildings and any applicable deadlines and create a plan to resolve construction defects timely.

What is the Two-Year Time Limit?

The statute of repose also refers to a two-year time limit. The statute requires that actions be commenced not more than "two years after the cause of action has accrued."

This generally means that, if an association discovers that it has a claim for negligent construction, the association must bring that claim within two years from the date they discover it, regardless of the ten-year statute of repose.

For example, an association, through its board and on-site manager, become aware of widespread leaks affecting many units at the project. The board investigates and, through its consultants, determines that the leaks are likely the result of defects in the original construction of the buildings. The association then has only two years to file a lawsuit to preserve its negligence claims against the developer of the project. Not ten years.

If the association does nothing, perhaps on the mistaken belief that it had up to ten years to bring a claim, the association's claims would be barred.

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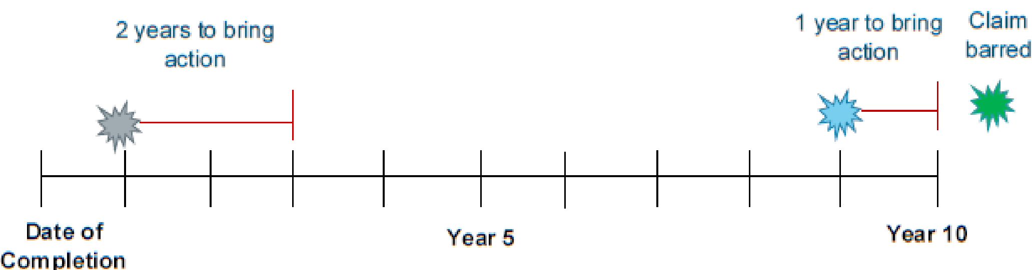
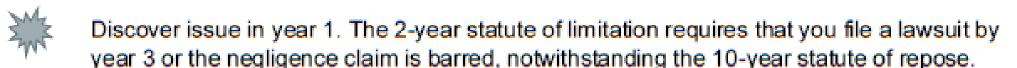
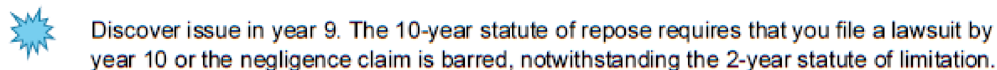
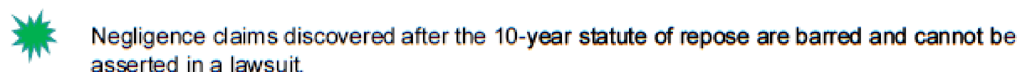
Interaction Between Statute of Limitation and Statute of Repose




Discover issue in year 1. The 2-year statute of limitation requires that you file a lawsuit by year 3 or the negligence claim is barred, notwithstanding the 10-year statute of repose.


Discover issue in year 9. The 10-year statute of repose requires that you file a lawsuit by year 10 or the negligence claim is barred, notwithstanding the 2-year statute of limitation.


Negligence claims discovered after the 10-year statute of repose are barred and cannot be asserted in a lawsuit.

On the other hand, if 12 years have passed since the project was "substantially complete" (whenever that is ultimately determined), and the association then discovers widespread leaks throughout the project due to defects in the original construction, the statute of repose acts as an ultimate bar to the association's negligence claims. The association does not get another two years after the ten years have expired.

The interaction between the two-year statute of limitation and ten-year statute of repose is illustrated above.

If an association cannot collect funds to repair construction defects from the developer and other responsible parties, the association has to find those funds elsewhere. This usually results in a large special assessment to the owners, or a bank loan.

In both those cases, the costs of repair are ultimately paid by the owners and not the parties originally responsible for the defective construction.

Tort Claims or All Claims?

Developers, contractors, architects and other design professionals argue that the statute of repose applies to all construction defect claims. However, the language of the statute of repose in HRS § 657-8 and Hawaii case law interpreting the legislative history of that provision suggests that the statute of repose was intended only to apply to tort claims – that is, claims for *negligent* construction.

We have successfully argued in court that the statute of repose applies only to tort claims.

MCKEON SHELDON MEHLING

Association and Construction Attorneys

MSM specializes in association general counsel services and construction defect litigation. At MSM, we believe that recovery and rebuilding go hand in hand in restoring and reviving a project. Recovery is the start, but rebuilding is what really matters. MSM's full-time presence in Hawaii, coupled with its extensive general counsel practice, means that MSM's team will be at your side every step of the way through the complex repair process.

BERDING & WEIL

Now in Hawaii

BERDING|WEIL is the largest and most experienced construction defect and common interest development law firm in California. Now, with offices in Hawaii, BW can provide superior, client-focused legal services and solutions to community associations and property managers throughout the Hawaiian Islands.

This is significant, because it means that associations may be able to pursue contract or warranty claims against a developer well after the ten-year repose period ends. For example, extended home builder warranties and purchase and sale contracts may serve as the basis for contract claims against the developer that are not restricted by the statute of repose.

If an association discovers construction defects more than ten years after the date of completion of their project, they should still consult with their general counsel and construction attorneys.

Having the right guidance on the extent to which an association can pursue a claim against the developer for the cost of repairing construction defects can save the association from having to issue, and its owners from having to pay, debilitation special assessments.

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Recommendations to Protect Your Association

1. **As part of the board's duty to maintain the common elements of a project, boards of recently constructed projects (e.g., within 2-4 years, and no later than 5-7 years after completion) should conduct a forensic evaluation and assessment of the original design and construction of the project.**

   Understanding the nature and extent of any construction deficiencies will help associations recover the costs of repairing those deficiencies from the appropriate parties. Timely pursuing claims against the developer can prevent associations from having to specially assess its owners for repairs.

2. **Boards and property managers who receive multiple complaints by owners about similar construction-related issues should consult legal counsel as soon as possible. The association may be deemed to have "discovered" those defects as early as the date those initial owner complaints are made, which starts the clock on the two-year statute of limitation.**

3. **As soon as possible after developer turnover, associations should collect all relevant data concerning the estimated date of completion of the project, regardless of whether it believes it has construction defect claims or not.**

   This should include, at minimum:

   a. Affidavits of publication and notices of completion filed by the developer
   b. Certificates of occupancy issued by the Building Department
   c. Close of escrow dates from the developer to all initial purchasers.
   d. A record of work performed by the developer prior to turnover.

   These documents help the association and its legal counsel to identify and keep track of the statute of repose deadline.

McKeon Sheldon Mehling LLLC and Berding & Weil LLP routinely partner in representing condominium and community associations across Hawaii in claims against developers, contractors, and design professionals for construction defects.

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Hawaiiana is Maui's #1 Management Company

Doug Lefler, CMCA
Director,
Maui Operations

Hawaiiana Management Company, Ltd. currently serves 109 properties on Maui, Lanai and Molokai. Maui County clients include Andaz Wailea Hotel, Aina Nalu, Sugar Beach Resort, Wailea Golf Estates and the Hotel Hana-Maui Condominiums. In addition, Hawaiiana manages several associations on the island of Lanai including Villas at Koele Phase II and Terraces at Manele Bay, plus Molokai's Wavecrest Resort and Molokai Shores. Hawaiiana's Maui County Associations are served by a total of 16 Management Executives and the industry's most experienced accounting, administrative and technical property management staff.

Hawaiiana serves many of its Maui County clients from its primary office in Kihei. In addition, Hawaiiana's satellite office in the Kahana Gateway Professional Building is conveniently located to serve over 30 west side clients with their association management needs.

Why choose Hawaiiana?

- We serve 109 associations in Maui County
- Local (vs. mainland) banking
- All employees are in Hawaii

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Senior Management Executive

Doug Jorg
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April Lum, CMCA, AMS
Senior Management Executive
Office Coordinator, West Maui

Kathy Seidman Wong
Senior Management Executive

Marc Udoff
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Michele Heile
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Michelle Herbon
Management Executive

Alexander Gat
Management Executive

Lisa Kahae
Management Executive

Steven Leone
Management Executive

Michael Newman
Management Executive

Maui County Clients:

- Aina Nalu
- Coconut Grove on Kapalua Bay
- Cottages at Kulamalu
- Emerald Plaza Place
- Emerald Plaza II
- Haiku Town Acres
- Hale Kai
- Hale Kamaole
- Hale Royale
- Hokulani Golf Villas
- Hololani
- Honokowai East
- Honu Alahele
- Ho`olea Terrace at Kehalani
- Ho`olei
- Ho`onanea at Lahaina
- Hotel Hana Maui Condominiums
- Island Sands
- Kaanapali Plantation
- Ka`anapali Royal
- Kahana Village
- Kai Malu at Wailea
- Kalama Terrace
- Kamalani
- Kamani at Kehalani
- Kamaole Beach Royale
- Kamaole Grand
- Kamaole Heights
- Kamaole One
- Kamoku Condominiums
- Kana`i A Nalu
- Kanani Wailea
- Kanoe Resort
- Kapalua Golf Villas
- Ke Alii Ocean Villas
- Keala o Wailea
- Kehalani Community Association
- Kehalani Gardens
- Kepuhi Beach Resort
- Kihei Beach Condo
- Kihei Garden Estates
- Kihei Villages
- Kilohana Kai Vistas
- Kilohana Waena
- Koa Resort
- Kua`aina Ridge
- Kulamalu HOA
- Lahaina Roads
- Lanikeha
- Luana Kai
- Ma`alaea Banyans
- Ma`alaea Kai
- Ma`alaea Mermaid
- Ma`alaea Surf
- Ma`alaea Yacht Marina
- Mahanalua Nui HOA
- Mahina Surf
- Mahinahina Beach
- Makali`i at Wailea
- Makena Surf
- Maluhia at Wailea
- Maui Kaanapali Villas
- Maui Lani Community Association
- Maui Parkshore
- Meadowlands HOA
- Milo Court at Kehalani
- Milowai-Maalaea
- Molokai Shores
- Napili Point Resort, Phase I
- Napili Point Resort, Phase II
- Napili Bay
- North Shore Village
- Opukea at Lahaina
- Pacific Shores
- Paki Maui
- Paradise Ridge Estates
- Pohailani Maui
- Pu`unoa HOA
- Royal Kahana
- Sandhills Estates HOA
- Southpointe at Waiakoa
- Spinnaker
- Sugar Beach Resort
- Summit at Kaanapali, Phase I
- Terraces at Manele AOAO
- Terraces at Manele Bay, Phase IV
- The Ironwoods at Kapalua
- The Mahana at Kaanapali
- The Office Centre
- The Palms at Manele, Phase 1
- The Ridge at Wailea
- The Vintage at Ka`anapali
- Valley Isle Resort
- Villas at Kahana Ridge
- Villas at Koele, Phase II
- Wailea Beach Resort & Residences (Andaz Hotel)
- Wailea Golf Estates
- Wailea Golf Estates II
- Wailea Golf Vistas
- Wailea Highlands
- Wailea Kai Homesites
- Wailea Kialoa Homesites
- Wailea Pualani Estates
- Wailele Ridge
- Wailuku Heights Ext. Unit II
- Waiolani Community Assn.
- Waipuilani
- Wavecrest Resort
- West Kuiaha Meadows

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Welcome to Summer – it's Budget Season for Your Association!

Summer is the time of year when we want to head outside, start up the barbecue, and enjoy long days filled with friends, family and fun! Far from the minds of most are concerns about adequate insurance coverage, building maintenance planning or reserve funds for future projects! However, if you live in a multi-unit community, your board treasurer or budget committee, along with their management team, will start the sensible journey of budget planning.

The "budget" is a tangible plan to set aside the funds to run your building, which takes into consideration day-to-day operations, as well as long-term projects. Budget planning examines a specific set of components, which helps your community determine the appropriate amount of money needed to take care of property needs responsibly.

Take a Closer Look

The board will start by taking a close look at the current state of the property, beginning with the common areas. How is the curb appeal of your building or community? Is anything in need of repair or an upgrade? Which items need to be replaced, rebuilt or repaired now, or can wait another year or two before big expenditures are required? As the Board takes the time to examine how the building looks and functions, they will get an accurate idea on what to plan for in the next year and in the longer term.

Along with a comprehensive review of current building or community needs, the property's plan for preventive maintenance should also be revisited, and revised if needed. Addressing little drips now will keep them from becoming huge waterfalls later! Components of each piece of equipment, such as pumps and machinery, should be checked. Catching repairs early on is usually much less expensive than unplanned replacement, which can increase costs dramatically.

Your budget team, including your property's managing agent, onsite manager and board members, will look at ways to save money at every turn. Their job in creating a budget is to ensure that your building is covered in three ways:

1. Ensure there are funds to run the daily operating expenses like electricity, water, landscape maintenance, management, insurance and regular maintenance of the property.

2. Allot adequate funds for the improvement, repair and replacement of common area items that require more than scheduled maintenance.

3. Find ways to enhance your community's investment by keeping the installed components in good working order and planning for ways to improve the value of individual units.

What are the trouble spots?

Know the potential trouble spots and challenges for your property, and be sure to include a plan for handling them. A proactive game plan will help save money as well as minimize potential inconvenience for owners.

One of the most common building issues is water leakage in the units. A regular inspection of high-risk areas underneath sinks and toilets, timed replacement of water heaters and other precautions helps keep insurance deductibles down and provide early warnings about troublesome areas. Making water sensors a part of your community will also provide advanced warning when a drip starts, potentially preventing costly repairs if left unchecked.

Survey Last Year's Expenses

Your managing agent will provide the board with the actual expenses for the last twelve months, and assist the board in discovering both problem areas and areas of surplus funding.

It is also helpful to review current maintenance contracts. Are all serving the property's needs well? Are the terms of the agreements appropriate, and do they include or exclude the right things? This is a great time to pay attention to the terms and costs of automatic rollover contracts.

Determine the Appropriate Owner Assessment

This information, when all put together, will help the board determine what the assessments to owners should be for the next year. In some cases, boards may have to make the hard decision to increase maintenance fees to cover their plan.

Welcome to Summer – it's Budget Season for Your Association! (Cont'd)

Tips on making the budgeting process less stressful:

1. Start early.

2. Walk around your property to familiarize yourself with functions and processes.

3. Think from a "safety first" perspective - does your building have what it needs to function both safely and efficiently?

4. Hire a professional to help review your building's equipment to determine whether there is adequate life in the components.

5. Review governing documents to find out items that fall under the responsibility of the association.

6. Think long-term. It takes time to plan and pay for big-ticket items.

7. Utilize professional expertise wisely and ask questions. Keep in mind that your managing agent is experienced in preparing budgets, and may be able to advise you on different alternatives and ways to save.

The Benefits of Budgeting

1. You'll understand your community better.

2. You'll have fewer surprises and more peace of mind over the course of the year.

3. Realistic budgeting leads to fair assessments for everyone.

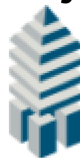
While budgeting may take some time and hard work, the careful and proactive efforts of your budget team can have a positive correlation to your property's value and well-being. Happy Budgeting!

By Debi Balmilero, AMS®, CMCA®, PCAM®

Executive Vice President

Hawaiiana Management Company, Ltd.

Window and Door Replacement Projects - Lessons Learned



Do I need a permit to replace my windows and doors?

The short answer is Yes. Among other things, building codes detail the minimum guidelines that must be follow, to ensure the health, safety, and welfare of the building occupants. The replacement windows need to comply with the current building code requirements, which in many cases is not the same as when your structure was built. Not obtaining a building permit can result in steep fines and additional work to comply with the building code.

Below are notable considerations when planning your window and door replacement project. Your architect will be able to review your building and determine which of the following issues apply to your project and if there are any additional requirements.

Special Management Area (SMA)- Any project in a Coastal Area that falls within the SMA purview, must have a SMA permit. The penalties for not obtaining a SMA permit in advance are steep. A civil fine for SMA use and shoreline setback violation can be up to $100,000, plus a civil fine of up to $10,000 for each day in which such violation persists (HRS § 205A-32).

Not sure if your project is located within the SMA Area? You can check your TMK at this address https://histategis.maps.arcgis.com/home/index.html

Egress: What is Egress? Egress is a continuous and unobstructed path of vertical and horizontal travel from any occupied portion of a building or structure to a public way. Egress is important incase of a fire or emergency ensuring occupants can safely leave the building.

Safety Glazing: What is Safety Glazing? Safety Glazing is added strength to the glass portion of your window or door. The standard glass in most products is annealed, which is different from safety glazing. When annealed glazing breaks, it shatters much like when you drop a drinking glass on the floor. Manufactures turn annealed glazing into safety glazing by using heat or chemicals to strengthen the glass. Tempered glazing is typically 4 times stronger then annealed glazing. When tempered glass breaks, it comes apart in chunks rather than the shards. The strongest type of safety glazing is laminated. Manufacturers create laminated glass with two or more panes of annealed glass joined together by a layer of plastic, or polyvinyl butyral (PVB). When laminated glass breaks, it tends to stick to the inter plastic layer.

Wind Code: Exterior window and door assemblies must bear a label that includes a design pressure rating. The design pressure certification comes from an independent lab certifying the window/door has been tested at 1.5 times the Design Pressure (DP) rating of the product without failure. The DP is a measure of the wind load and water infiltration in pounds per square foot that your window or door can withstand. The DP rating your project needs to meet is currently based on the 2012 International Building Code. The wind maps in Chapter 16 define Hawaii's wind speed ranges as 115 mph to 145 mph. Your architect or structural engineer will determine the wind speed and corresponding DP requirements for your project. Once you have this information, you can select a replacement window or door product.

Fall Protection Requirements: Operable windows with sills located more than 72 inches above finished grade or other surface must have a guard rail unless the opening width is less than 4 inches.

About the Author:

Mrs. Egge Trisha Egge is a consultant at Allana Buick & Bers (ABB). She has over 19 years of experience in the construction industry and has an excellent reputation for resolving problems, improving customer satisfaction, and driving overall operational improvements.

Trisha was elected Chairperson this year on County of Maui Planning Department Board of Variances and Appeals. Trisha is serving a 5-year term that concludes in 2023.

Trisha has served as an Executive Board member for the Construction Industry of Maui the past 6 years working to unify the building community through active advocacy, communication, and education to sustain our industry growth and best practices.

DEFERRED MAINTENANCE:

The use of new materials in offsetting deferred maintenance cost

Presented for Site Managers
By Tom Boomer, CEO &
Tracy Tominc, President

JOIN THIS VIRTUAL SEMINAR ON ZOOM

July 28, 2021

11:00 am – 12:00 pm

Please RSVP to feli@scbri.com by July 21st

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The Facts Regarding Deferred Maintenance

Despite proof that a healthy maintenance plan can keep your building sound for years, many facilities owners and boards turn a blind eye to stewarding their structures. Unfortunately, most of them have come to a point where they're forced to choose between performing repairs and respecting the needs of a budget that seems particularly thin.

The problem is, in any facility, your building envelope maintenance needs to be performed on a routine basis. Indeed, there can be great harm in waiting, and it can be much *harder* to fix the problem come next year. That's why it's so important to understand the cost of deferred maintenance–and how to avoid it.

The Cost of Deferred Maintenance

According to research collated by CHT Healthcare, Buildings.com reports that "On average, if you defer maintenance, you can expect future expenses to be equal to or greater than the cost of the part squared or 15 times the total repair cost." That can mean serious money over time for any facility.

Moreover, "Every $1 deferred in maintenance costs $4 of capital renewal needs in the future" and "Less preventive maintenance shortens their life cycle by as much as one-third."

And that's only dollars and cents, to say nothing of safety concerns. When you put off performing necessary structural repairs, commonly general occupant and guest safety is compromised. Commonly no urgency or thought of performing necessary repairs in paradise is taken. Unwanted damage quietly grows over time, only to result in falling debris, structural failure or water intrusion.

For these reasons and many more, deferring maintenance is unacceptable. If you want to save money and keep your building and people healthy, there's only one thing to do: understand the root causes of deferred maintenance and work to avoid it at all cost.

What Is Deferred Maintenance?

By definition, Deferred maintenance is the postponement of building upkeep from an entity's normal operating budget cycle due to a lack of funds, explains the University of Illinois Facilities & Services. Unfortunately, while there are understandable reasons for pushing back maintenance–lack of funding, no apparent need to properly maintain the structure at the moment–this can lead to a snowball effect.

"Lack of funding for routine maintenance can cause neglect, allowing minor repair work to evolve into more serious conditions," says the university. "The failure to take care of major repairs and/or restore structural and envelope components that have reached the end of their useful lives results in a deferred maintenance backlog."

The high cost of deferred maintenance on your facility, overall, means a shorter life cycle of your entire facility, which makes it confusing that owners and teams put off maintenance for so long, in so many cases and different types of buildings, across Maui. So, why do they do it?

Why Building Maintenance Is Often Deferred

The main reason for deferring maintenance, as explained above, is cost. Not the costs that will be *incurred* due to putting it off, but rather the money required to maintain a building at the intervals it requires. The loss of individual revenues incurred during appropriate repairs is one of the greatest factors posed to AOAO's and facilities island wide.

"According to the BOMA data, repair and maintenance account for about 15% of total expenses," says commercial real estate team Jones Lang LaSalle (JLL). "Although the report does not distinguish between repairs and maintenance, estimates suggest that preventive maintenance may account for between 30% and 50% of repair and maintenance costs, or from 4.5-7.5% of annual operating costs. Although not an overwhelming number, this is a significant amount. Can it be justified?"

A secondary issue is that good maintenance routines are not always so easy to achieve. Teams might not have the right access to and information on their structure needing repair, which can make it easier just to avoid the situation entirely. Also, timeliness is an issue. Even if the money and access are there, they might feel swamped, and that occupancy revenue supersedes repairs. If people don't understand the high cost of deferred maintenance, this kind of thinking is likelier to hold sway.

But, says JLL, maintenance is worth it. In their article, they go on to run an analysis of three different maintenance scenarios, eventually concluding that "The results of the

analysis … were overwhelmingly positive for performing preventive maintenance. The analysis shows that an investment in PM not only pays for itself but also produces a huge return on the investment."

It is, therefore, critical that teams prioritize good maintenance through appropriate allocation of funding by means of their elected boards.

Defer No More: Make a Smart Maintenance Plan Today

The cost of deferred maintenance is high, no matter how you look at it. Waiting for your building to prove its antiquity and inefficacy will always be more expensive than getting out in front of things and keeping your envelope up to date. So why wait? Save yourself and your facility money, and implement a smart maintenance plan today. We are here to assist and provide information to simplify your decision making process with a thorough understanding of the need for revenue vs need for repairs and are happy to discuss our history working on your facility, anytime, now and in the future.

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Disaster Preparedness

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November 2021
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