

RESIDENTS PERCEPTION ON STRATA PROPERTY SHARED FACILITIES POTENTIAL FOR COMMERCIALISATION

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Abstract

Service charge is a fee charged by the management to each unit owner in strata building for the purpose of covering the necessary costs and expenses for the management and maintenance work including facilities available in the building. However, service charges are keep increasing due to high material costs and operating costs. As a result, residents are neglect to pay service fee because expensive amount of charged. Therefore, this purpose of this study to investigate other alternatives to reduce the burden of residents to pay the services charge and ensure the building can be maintained properly. In the regard, this study was conducted to identify the facilities available in strata buildings as well as to evaluate the potential of facilities/common space to be commercialized to external users in strata building. To achieve the objective of the study, researchers used quantitative method by distribute questionnaire to residents of Twin Residences Apartment Tampoi, Johor to obtain the opinion to commercialization the facilities or common property. As a result, most of the residents disagree to commercialization the facilities and common area due to security and safety issue.

Keywords: *High-rise Residential, commercialization activity, facilities, strata building*

1.0 INTRODUCTION

The demand on high-rise residential building nowadays has been increased every year due to the lack of land for development of landed property in urban areas in Malaysia especially in Penang, Kuala Lumpur, Selangor and Johor Bahru. Population growth along with the reduction of land stock make high-rise residential as an alternative (Jamila, 1994). According to Tawil (2009), the residential construction in urban areas has turned to the development of vertically than horizontally. The development of high-rise buildings is seen to overcome the shortage of land due to the impact of rapid development as well as increased in housing demand.

According to Tiun (2006), the concept of high-rise buildings is not something new as it has been introduced since the early of 70s in Penang. This shows that Malaysia has receive a development of high-rise residential over the years. High-rise residential are subjected to the

Strata Titles Act 1985 (STA). High-rise building is a building that has more than two-storey that can be subdivided into plots where the individual has own title known as strata title.

Tawil (2009) stated that the life in high-rise buildings are differ from the landed properties in term of the property itself and the sharing concept. The privilege of a stratified building are it has own facilities and common property such as corridors, swimming pools, elevators, playgrounds, multipurpose halls that can be used together by other residents. Each facility provided in the strata buildings need to be maintained. This causes each high-rise building required one management body inside the building. In Malaysia, it is known as the Management Corporation or Joint Management Body who responsible for collecting the service charged from resident to managing and maintaining the buildings and common property (Abd Wahab *et al.*, 2015).

Nowadays, the issue of service charges often debated due to the increase in the cost of ongoing

maintenance of residential buildings. According to Building Managers Association of Malaysia (BMAM) president Tan Sri Eddy Chen, the maintenance fee could be rise more than 10% to meet the anticipated higher operating costs (Christina Chin, 2015). The increasing of building materials are due to the increasing of raw material and operating costs (Mansur *et al.*, 2016). Therefore, the management body are forced to increase the service charge to cover the cost of building maintenance particularly when there is a defect or malfunction of a building component. The increases of service charge seen by the owner or unit as a matter of concern. Increases of service charge will lead some residents refuse to pay (Che Ani *et al.*, 2009)

Based on the previous studies, most of facilities in multi-storey buildings are not fully utilized (Sin *et al.*, 1998; Cho & Lee, 2011; Lee *et al.*, 2015). These cause the waste of facilities as it still needs to be maintained whether it is used by residents or not. The maintenance will still need to be carried out using the service charges paid by residents within certain period.

According to Cho & Lee (2011), demand for the community spaces is high. Therefore, the demand for the facility from external users give an idea for commercialization activities to the users other than residents of the strata building. The commercialization of the facilities within the building to outsiders will generate income through rental, entry fees and membership fees that paid by the users every month. According to Brenda York (2012), membership fees are consistently the largest contributor to the income of a club. This income may be able to contribute to the reduction of burden of service charge that usually increase gradually.

Commercialization activities are an alternative way for management to generate income rather than depending on collection of service charges from residents. Income generate from this activity can help to cover the costs of maintenance that required. Therefore, facilities/common space could be commercialized and opened to the outsider. But what is the elements of facilities in strata building can that be commercialized and to what extend does the potential of these facilities to be

commercialized. However, other questions arise is either the residents willing to share the facilities with outsider that initially can be enjoyed by themselves privately.

2.0 HIGH RISE RESIDENTIAL

Living in high-rise residential has become a trend in Malaysia today, especially among the urban population (Che-Ani & Tawil *et al.*, 2010). Rapid development in major cities and increasing population also contributed to the need of high-rise residential. The development of multi-storey building is seen to overcome the shortage of land as well as the increasing demand for housing. One of reason for people to choose to live in high-rise residential is influenced by the present lifestyle in the urban area. High rise residential building provided the facilities that are people in this generation needed such as 24 security system, gymnasium, swimming pool and others. Residents in this stratified building must pay fees known as service charge for the facilities provided and the Management Corporation (MC) is the party responsible for managing all the facilities available in the strata building.

The increases of the demand for high-rise residential building in Malaysia has expanded the existence of others housing scheme others than flat, apartment and condominium which service apartment and Smart Office Home Office (SOHO). SOHO was introduced in Malaysia in 2012 and it is always built in a popular location for businessman to set up their office because the concept itself integrated residential and commercial unit in one building (Abd Wahab *et al.*, 2015). According to Jamila (1994) flats are classified as affordable housing. Facilities or common property provided in the flats is very limited as open parking and elevator and the security has not been prepared. Meanwhile, apartment have better facilities as compared with flats. It provided facilities such as mosque, a covered open parking, recreation areas, playgrounds, elevators, security, and surrounded by a fence.

Next, the condominium has better facilities compared with apartments. Among the facilities

available in the condos are swimming pool, gymnasium, laundry, elevator, tight security and gated (Department of Statistics, 2012). In addition, service apartment is fully furnished apartment and providing hotel amenities such as room service, housekeeping, and laundry room. Maciha (2005) adds that the apartments and condominiums have the characteristics of the design and construction of specific facilities including mechanical and electrical centers, facilities such as swimming pool, spa facilities and exclusive recreational facilities.

3.0 FACILITIES IN HIGH RISE BUILDING

According to Australian Government (2003), commercialization is process of transforming ideas, knowledge and inventions into greater wealth for individuals, businesses and or society at large. This shows that it is the idea to gaining the profit. Commercialize the facilities also is one of the ways to maximizing the useful of capital asset. In high rise building, there a few facilities that have potential to commercialize in outsider to increases the funds and capital in management such as swimming pool, tennis court, garden, multipurpose hall, gym, launderette, meeting rooms, and others.

a) Swimming pool

One of the significant features and provided at most of stratified buildings such as condominiums, service apartments and apartment. The pool is a special and distinctive facilities available to residents in the strata building include a pool for adults and children (Powanga & Powanga, 2008). Each pool has a control system that will control the functions of maintenance of the pool daily (Sterghos *et al.*, 1998). Regularly change the water and make sure the water cycle through an appropriate filter system is a step to ensure that the content of harmful substances in a chlorinated swimming pool (Kim, Shim & Lee, 2002).

b) Landscape

Hayes (2015) states that a beautiful landscape is a key factor in the design of the condominium in order to emerge with a condominium as an interesting combination. Landscape is an element in a strata building that not only can provide interesting insights to the residents but also to the public. The condos are decorated with landscapes or interesting decoration can open opportunities attract people to have a photo there. Therefore, having a beautiful landscape and interesting is an added value to the view at the condo.

c) Tennis Court

This facility is available to provide opportunities for residents to conduct a recreational activity (Randal & Kurt, 2000). The care of courts that located in the open space must be done properly to ensure that the physical state courts always in good shape. Therefore, to ensure the longevity of the use of tennis, management must develop and implement maintenance schedule consistently.

d) Multipurpose hall

The hall is usually used as a place to celebrate, other events that are ideal to run in a covered area while providing indoor sports facilities such as badminton (Hammad, 2000). This facility provides an opportunity for residents to carry out the desired function or event without need to go out to other places to rent.

e) Gymnasium

Certain of high-rise housing building Condo facilities are include a gymnasium. Health and fitness facilities at the high-rise building or provide an option for improving access to places to be physically active (Kruger, Carlson & Kohl, 2007). Residents of high-rise building has no longer need to use the gym facilities outside and can only stay healthy in the building only. Each member must create and sign up for membership to get access to use the facilities.

f) *Laundrette Facilities*

Laundry facilities are located on the ground floor of a condominium (Fung, Poreous & Sharpe, 2006) and this makes it easier for residents to send their dirty clothes without leaving the building.

g) *Meeting rooms and business centre*

There are additional facilities offered in the high-rise building with additional charges for external users including meetings rooms and business equipment such as computers, fax, etc. (Foxely, 2011). Meeting room is necessary facility in high-rise building. This is to facilitate the management to conduct monthly meetings and make plans for the good of the building.

h) *Poolside barbeque pit*

Other facilities provided at the high rise residential also includes a picnic or barbeque area for residents of the condominium (Ferris, Norman & Shouts, 2001). These facilities are often provided near the swimming pool and is suitable for small-scale celebration. In addition, family events can also be carried out using the poolside barbeque pit.

i) *Children Playground*

Playground usually located on the ground floor of a condominium. This facility is provided to the residents to give freedom to the children to play outdoors without having to worry about their safety since condo is equipped with a safety guard that will ensure the security of the condos.

4.0 METHODOLOGY

A survey was conducted on 50 residents among Twin Residences Apartment residents. The building is in Tampoi, Johor. Besides, the list of facilities in strata building are gained by literature review which has been mentioned in previous part. The responded on the survey were analyzed using SPSS to get frequency and descriptive

analysis. In this study, researchers try to examine the response of residents towards the commercialization activities.

4.1 Result of Analysis

This study was focused on the facilities in the strata building as well as their potential for commercialization activities. Besides, it also looks for the agree level of residents for these activities and their preference of charge that can be charged. Based on Table 1, it shows that most of the respondents are disagree for the facilities provided in high-rise residential to be commercialized expect the shop retail space. However, the percentage of respondents who are disagree with commercialization activity of this facility are not high. Based on the overall response from the residential, the mean score is to examine the average of response for commercialization activity (Table 1). The mean value for each facility is between 2:58 to 3:20. Overall, only Shop Retail Space shows that residents agree for it to be commercialized to external users compared to facilities / common space available in the strata building.

Table 1: Mean Score

Facilities	Score					Mean
	1	2	3	4	5	
Swimming Pool	19	7	5	12	7	2.6200
Open Green Space	20	7	7	6	10	2.5800
Gym	23	4	5	6	12	2.6000
Shop Retail Space	16	6	2	4	22	3.2000

Next, the analysis is to examine the service charge that borne by the residents. Service charge is an amount of money collected by MC to fund the management activities as well as maintenance work in high-rise residential building. Maintenance works are important to be carry out to ensure that the building and its facilities are in a good condition. The source in maintaining high-rise residential building comes from the service charge collected from the residents (Yusoff *et al.*, 2011).

Inadequate fund will affect the efficiency of maintenance work and the maintenance work may not be done regularly and effectively. Previous researchers agreed that the reluctance of residents to pay for maintenance fees would defer and suspend the maintenance works (Che-Ain *et al.* 2010; Liias, 1998; Sapian, 2003; Tiun, 2006; Yusoff *et al.*, 2011).

Based on Figure 2, most of the residents agree that the service charge that are being charge to them are not a burden. Most of them claimed that they have no problem in paying the service charge.

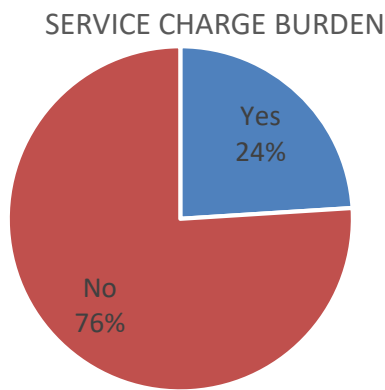


Figure 2: Service charge

The analysis also examines the response of residents towards commercialization activity and the potential effect of their payment of service charge. This question was asked to the respondent to see whether they are agreed or not that the commercialization activity may help reduce their burden for service charge payment. Over 50% of them agree it will help them in paying the service charge as well as prevent from charge increases. Some residents also claimed that they did not fully use the facilities provided. According to Figure 2 and Figure 3 shows that resident feels that the service payment is not a burden although there are agree that commercialization the shared facility is one of alternatives to reduce the services fees.

Next, according to Figure 4, residents' privacy is the major concerned since it is the high-end residential buildings. The analysis also

examines the response of residents' toleration towards their privacy for the purpose of commercialization activity.

Commercialization Activity And Payment Burden

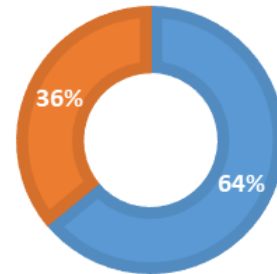


Figure 3: Commercialization Activity and Payment Burden

The respondent is also being asked about the toleration if this activity is executed. Despite most of them agree that the activity will help reduce the service charge burden, most of them also disagree to tolerate with external users toward their privacy in the high-rise residential buildings. This is because the facilities provided are initially should be enjoyed by themselves privately. Therefore, they feel that the facilities shall not be shared with external users who may interface their privacy as well as can lead to another problem including the safety of residents in high-rise residential buildings.

Residents' Privacy Toleration

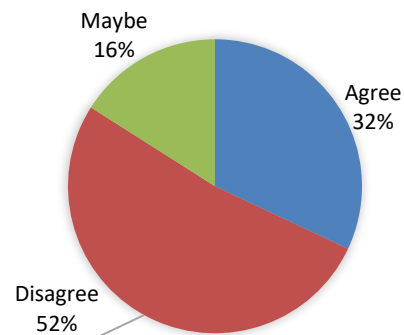


Figure 4: Resident's Privacy Toleration

5.0 CONCLUSION

High-rise residential building requires a much attention in building maintenance since it consists of many levels as well as the residents. A service charge is the main source of funds management of stratified buildings. Thus, it is a vital role for the residents to pay a service charge to ensure management and maintenance activities can be carried out properly. Inadequate fund that usually received from the payment of service charge can affect the management and maintenance of buildings. Failure to manage and maintain the building properly and consistently can caused a malfunction of facility thus leads to discomfort to the residents as well as dissatisfaction.

However, increasing in costs of raw materials could have a direct impact on the increasing in rate of service charge to residents. A gradually increasing of service charge fiving an impact on the financial burden that borne by the residents of the high-rise residential buildings. Meanwhile, not all facilities are available for use by residents. Each of the facilities available in the building strata have consistently maintained to ensure that it can function properly. These facilities will also be depreciated regardless of whether it is used or not.

Commercialization facilities/common space is seen as one of alternative way to ensure that facilities available in the building can be used as best as possible while contributing to building management funds through fees charged for the use of a facility. With this, the management has also had an additional fund that can help the residents in term of service charge payment where the charge increase dramatically although there is still an increase.

Study concluded that the facility/common space in the building strata have the potential for commercialization. From the results of the analysis, however, many respondents or residents who does not agree to carry out commercialization activities of the facility to the external users. There are several facilities in the strata building that have been identified with potential for commercialization. Among the facilities include a swimming pool, open green spaces, gym, shop retail space, multi-purpose hall

and tennis courts. However, multi-purpose hall facility and tennis courts are available in the study area.

Most residents disagree to the suggestion to commercialize the facility/common space that they have in the high-rise residential buildings. They argue that they deserve not to share the facilities provided with external users because they are the owners of units. Besides, they also worried if they commercial the facilities to outsider, it will affect the lifestyle of living in the high-rise building in term of safety and privacy issues of residents. Any facilities and amenities available in the high-rise residential is one of the benefits that they can enjoy without interference from external users. From the analysis, the residents acknowledge that commercialization activities to reduce the financial burden on them, but they do not want to share their privacy with outsiders who are not the unit owner in high-rise residential.

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