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**SUSTAINABLE BUILT
ENVIRONMENT**

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A STUDY ON ADMINISTRATION BETWEEN VERTICAL AND HORIZONTAL STRATA MANAGEMENT

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ABSTRACT

Strata living has become increasingly popular due to urbanization, leading to the growth of high-rise residential properties. There are two categories of stratified residential development which are the vertical (high-rise) and horizontal (landed). This research aims to study regarding the management and upkeep of vertical and horizontal strata residences in Malaysia. The study uses qualitative research, analyzing the opinions of property management professionals. The findings reveal that homeowners in horizontal strata are responsible for maintaining their building's façade, while those in vertical strata delegate these duties to the management company. Additionally, residents in horizontal strata pay higher service charge and are responsible for their own fire insurance.

Keywords: *vertical strata, horizontal strata, management*

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INTRODUCTION

The lifestyle of living in a strata complex has become increasingly popular in metropolitan areas, particularly in urban areas. A stratum building is a structure that has been subdivided into parcels, with the remainder being common property and common areas. There are two primary classifications of residential properties in the strata market: high-rise strata (vertical) and landed strata (horizontal).

Stratified development townships are communities where land and structures are divided into different layers. In a strata development, land is divided into sections called “parcels”, with the rest owned jointly by all residents. The developer, a Joint Management Body (JMB) or a Management Corporation (MC), is responsible for maintaining common properties and common areas.

Despite the abundance of studies on vertical stratum management, this study focuses on horizontal strata residences, as many people in Malaysia are familiar with horizontal strata. Both strata properties have subtle distinctions in terms of who is responsible for maintaining individual parcel units, common property, and common areas. The purpose of this research is to study and understand how the management of vertical and horizontal strata does are administered and to learn about the intricacies of stratified residential administrations and identify the most prevalent problems in complex estate management projects.

PROBLEM STATEMENT

Strata residence development in Malaysia has grown significantly, particularly in urban areas. However, the literature has mainly focused on vertical stratum residences, such as vertical dwellings, and not on horizontal strata, which are landed strata houses. This research aims to examine horizontal strata houses in depth and ensure that real estate players are aware of the maintenance and management differences between vertical and horizontal strata homes. The management practises of vertical and horizontal strata schemes can be substantial, especially in terms of cost and management of common areas and accessory lots. Real estate professionals need to be familiar with both scheme’s management to avoid misleading homebuyers and make future administration more challenging.

QUESTIONS

1. How does the vertical and horizontal stratified homes in Malaysia are being administered?
2. What are the issues pertaining to vertical and horizontal strata management.

AIMS AND OBJECTIVES

1. To investigate administration between vertical and horizontal strata management.
2. To explore the issues pertaining to vertical and horizontal strata management.

SCOPE AND LIMITATION

This study contains limitations due to the use of the desk/secondary research approach which is dependent on web, reports, articles, information, and data. Therefore, it may influence the results and conclusions of the study. As a result, it may have an impact on how data is gathered. Basically, this research is focused in Kota Bharu, Kelantan where the semi-structured interview have been conducted with the experts in real property management field in order to acquire the main and primary data.

SIGNIFICANCE

1. Offers a comprehensive understanding of the management of vertical and horizontal stratified homes in Malaysia.
2. Clarifies the issues pertaining to vertical and horizontal strata management.

LITERATURE REVIEW

Strata Development in Malaysia

Vertical Strata Residence

Vertical living, or high-rise or strata living, has been a global phenomenon for over a decade. Factors contributing to this trend include migration to urban areas, rising land values, limited land availability, and lifestyle changes. Singapore and Hong Kong have successfully implemented high-density, high-rise living. In developed countries, rapid urbanization has led to the widespread use of planning techniques for multi-unit housing. In Malaysia, buyers of high-rise strata buildings have three legal relationships; they are the only owners and become part of a group responsible for managing and maintaining the multi-story structure (K.Arkcoll et al., 2013).

Horizontal Strata Residences

Landed strata properties are single-family homes with condo-style amenities, such as gyms and swimming pools, typically between two and three stories tall. These developments can include bungalows, terraced homes, or semi-detached homes. Strata-landed homes offer a posh lifestyle, 24-hour surveillance, guarded entrances, and restricted access, providing increased security and safety. Compared to crowded condominiums, strata-landed homes offer a greater privacy, a quieter environment, and access to shared community amenities like swimming pools, gyms, clubhouses, playgrounds, and green gardens. Additionally, residents can enjoy leisure activities just outside their door, reducing travel time (Zainudin A.Z. & Hussin K., 2015).

Strata Title Act 1985

Stratified developments consist of multiple owners on a single piece of land. To improve stratified property management, relevant legislation is necessary. The Strata Title Act 1985 in Malaysia aims to provide an administrative and legal framework for stratified properties. Buildings can be divided into land parcels, each with separate certificate of title. These regulations were influenced by the Singaporean Land Titles Act 1967 and the Australian New South Wales Conveyancing Act (I.M.Shukri, 2010).

The State Authority can enact restrictions, designate buildings as affordable housing, and enact transitional rules. The Strata Title Acts outline procedures for managing common areas of buildings, known as common property. Once the strata title is registered and 25% of share units have been acquired, the book of strata register will be opened, and the management corporation will be established. Enforcing the 1985 STA is crucial for managing stratified development ownership and property management (Mohamad & Asiah N., 2015).

Strata Management Act 2013

The Strata Management Act 2013 (Act 757) replaced the Building and Common Property Act of 2007 (Act 663). The Act addresses stratum development and management issues, while the SMA 2013 focuses on strata management. The SMA 2013 includes new provisions like the Schedule of Parcels, Certificate of Share Unit Formula, Limited Common Property, and Subsidiary Management Corporation formulas. It also expands the COB's regulatory duties and dispute resolution processes, ensuring legal obligations for strata building management and maintenance (Izanda N.S.S. et.,2020).

RESEARCH METHODOLOGY

Research Design

Primary Data

Primary data sources are original information acquired by researchers for a specific study purpose. Techniques include self-administered questionnaires, interviews, in-person observations, and experiments. This study uses an interview method to compare management aspects of vertical and horizontal stratum dwellings, using closed-ended questions during semi-structured interviews.

Secondary Data

Secondary data is information obtained for a specific purpose and used to advance another research objective, found in published and unpublished sources, ensuring validity. This study primarily gathered from journals, books, websites, and newspaper articles.

Data Collection

Semi Structured Interview

The study conducted virtual interviews with key informants, selected for their expertise in stratum projects, who provided a superior understanding of their environment due to their individual traits or social position. Additional questions were based on the interviewee's responses.

Administrative on Interviews

The study selects informants based on study themes and theoretical saturation to determine the optimal sample size. Subject-matter expertise in high-rise and landed stratum management is considered. Interviews are three times, scheduled in advance via phone, emails, and Google Meet. English is the sole language used for interviews.

Respondents

Three professionals were interviewed for strata development property management, with respondent 3 working alongside respondent 1 and 2.

Respondent	Position	Place of Work
1	Property Manager	Prestige Troika Sdn Bhd
2	Assistant Manager	Rahim & Co Sdn Bhd
3	Senior Manager	PMBK Development Sdn Bhd

Desk Research

This study aimed to understand stratified residential property management in Malaysia using desk research. Desk research is a method of learning about a topic using secondary data from existing materials and past research. It is typically used as a preliminary assessment to determine if more expensive primary research is needed. Data can be retrieved while seated at a desk, allowing for a more comprehensive understanding of the topic.

Data Analysis

Data analysis evaluates results, extracts pertinent information, and draws conclusions. It combines data collection and analysis, using interviews, online sources, and journal papers. Qualitative data analysis involves interpreting text data through methodical categorization, coding, and detecting themes.

FINDINGS AND DISCUSSION

The Administration of Vertical and Horizontal Strata Residences Management

Parcel owners must understand the differences between vertical and horizontal strata management and how individual lots are cared for and administered. Horizontal strata owners are responsible for upkeep of their building's façade, which are directly affixed to the soil. In a landed strata scheme, the building is privately owned and falls under the owner's responsibility. The administration of a parcel complex is responsible for upkeep, as in high-rise strata, the common boundary is the middle of the floor, wall, or ceiling between each lot.

Vertical strata buildings are considered community property, with management organizations maintaining exterior walls, roofs, and common areas. Common property includes mechanical and electrical rooms, lifts, and fire sprinkler system. In a landed strata development, homeowners must also have their own fire protection coverage. The governing body must secure fire insurance for the entire partitioned structure, including the parcel unit. Landed strata owners are responsible for securing their own fire insurance, while high-rise strata residents can rely on management to manage this detail.

Issues Pertaining to Vertical and Horizontal Strata Residences

The administration of stratified residential property is significantly impacted by concerns related to vertical and horizontal strata dwellings. Issues in stratified residential properties, particularly in mixed-used developments, can make property management more difficult for all involved parties, including owners, management

board members, and the overall scheme designer. Mixed-used strata developments may not share the same services due to different purposes served by different parts. It is crucial to allocate share units fairly to share costs of managing each component.

The creation of share units is the responsibility of parties with less experience, as developers may not have appointed a General Practice Surveyor or property manager to ensure proper formulation. Maintenance fee arrears may arise from resident mistrust in the management organization's competence and integrity, as well as tensions between tenants, strata managers, and subsidiary owners due to financial mismanagement and illegal meeting arrangements.

Disputes can arise when the management body is unable to competently oversee finances, upkeep, and administration. If a parcel owner is dissatisfied with the maintenance costs, they can submit a review request to the commissioner, who may decide on a charge or ask the JMB or developer to do so. If the owner does not pay, the property manager may decide on a charge or ask the JMB or developer to do so. If the debtor still refuses to pay, the management company may take the matter to the Strata Management Tribunal (SMT), where a hearing will be scheduled to issue a fine against the scofflaw strata owner.

CONCLUSION

This study aims to analyze the management of stratified residential properties in Malaysia and identify common problems associated with both types of housing structures. The research objectives include examining the administration of stratified Malaysian housing, comparing management features of vertical and horizontal stratum buildings, and highlighting key differences between them. The study's research objectives include examining the legal requirements of STA 1985 and SMA 2013 for both types of dwellings, as well as comparing the management features of vertical and horizontal strata residents, and the management body handling fire insurance for vertical strata residents. The findings will provide ideas for improving the administration of stratified residential properties in Malaysia.

This study examines challenges faced by property managers in stratified residential buildings in Malaysia. It suggests focusing on horizontal strata homes and educating the public about landed strata homes. Investigating strata properties in Sabah and Sarawak is crucial due to differing legislative frameworks. Future studies should employ quantitative or mixed approaches, such as questionnaires surveys, to uncover problems associated with stratified building management.

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