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STRATA LIVING: Let common sense prevail



The Edge Financial Daily, Malaysia

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COVER STORY



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EdgeProp.my **FIRESIDE CHAT** on
Strata Management Act 2013 review:
 When?

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From left:
 Teo, Soam,
 Adzman
 and Tan.

PICTURE BY LOW YEN VEING | EdgeProp.my



BY SHAWN NG

The fast growing strata-titled property development trend in the country has highlighted the urgent need to effectively deal with issues and challenges arising from the evolution of strata-titled property ownership, strata-living as well as its upkeep and maintenance. This has led to a clarion call from stakeholders to amend the Strata Management Act 2013 (SMA).

In her welcome speech at the EdgeProp.my Fireside Chat on "Strata Management Act 2013 review: When?" EdgeProp.my managing director and editor-in-chief Au Foong Yee said there are many facets of the Act that require an urgent review, including the recent Court of Appeal's decision on standardised maintenance charges for mixed developments.

"Hence, EdgeProp.my aspires to convey to the government the outcome of this discussion today for its feedback and action in the potential review of the Act," she said.

On the panel of the Fireside Chat were four key industry stakeholders, namely Building Management Association of Malaysia (BMAM) president Tan Sri Teo Chiang Kok, Real Estate and Housing Developers' Association (Rehda) president Datuk Soam Heng Choon, Malaysian Institute of Property and Facility Managers (MIPFM) president Adzman Shah Mohd Ariffin and Chur Associates founder and managing partner Chris Tan. Tan and the other organisations are part of the judging panel of EdgeProp Malaysia's Best Managed Property Awards 2020. The Fireside Chat was moderated by Au.

A number of issues were raised, along with suggestions for improvements to the SMA to foster harmonious communal living.

According to Tan, the SMA and other rules and regulations are just guidelines to help resolve problems in strata living but "what we need is common sense".

"Community living requires mutual un-



Au: There are many facets of the Act that require an urgent review.



About 200 property developers and property managers attended the event.

derstanding to create a harmonious community," he added.

One of the issues discussed was the ruling by the Court of Appeal on Oct 4 to disallow Joint Management Bodies (JMBs) to charge different rates of service fees for different components within mixed developments.

In order to address this issue and provide better protection for all proprietors of mixed developments, the panellists urged the government to amend the SMA to allow the formation of subsidiary Management Corporations (sub-MC) upon the completion of each component in these developments while dividing limited common property at the planning stage.

"The early formation of sub-MCs can protect the interest of the owners in different components as they will be taking care of their own properties.

"And if we can form the limited common property on day one, we are actually helping the buyers to make informed decisions as they will know exactly what they are buying into and how much they have to pay for in the future," said Tan.



Participants arrived as early as 8.30am for the half-day Fireside Chat event.

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Above: from left: Au, Tan, Adzman, Soam, Teo and EdgeProp assistant editor Tan Ai Leng.

Left: Full house at the Fireside Chat.

Teo concurred, adding that it is often a prolonged process for the MC or sub-MC to be formed due to the delay in the issuance of strata titles in the country.

“We do not need to reinvent the wheel, as a lot of countries like the US and Australia already have laws and regulations in place that we can refer to,” said Teo.

Meanwhile, Soam noted that developers could plan for the formation of a sub-MC from day one and get SMA experts on board when they begin planning for a strata project in order to identify potential issues that may arise in the future.

“In line with this, the Act has to be

amended in tandem, so that we can resolve these issues quickly,” said Soam.

MIPFM’s Adzman believes there is an urgent need for the government to review the practical application of the SMA to provide more clarity and also address certain loopholes in the law.

“We need to achieve that in order to ensure all the proprietors and residents of strata developments understand their responsibilities and live harmoniously. Last but not least, there should be more education initiatives to improve public awareness on strata living, especially JMB or MC members,” he concluded.

The “outdated” regulations in the SMA have become an issue of contention among developers, owners and property managers. The process of amending the SMA takes time as in-depth studies are needed, and any amendment involves different government agencies.

For instance, the SMA falls under the Ministry of Housing and Local Government while the Strata Titles Act 1985 falls under the jurisdiction of the Ministry of Water, Land and Natural Resources. State governments also have a say in land matters. Hence, amending the SMA involves various government agencies, making the whole process slow.

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KPKT: More time, more study needed before SMA amendment



PETALING JAYA: There are a number of proposed amendments to the Strata Management Act 2013 (SMA) but “each proposed amendment needs more clarification and detailed study before they can be considered by the government,” said the Housing and Local Government Ministry (KPKT).

In an email reply to EdgeProp.my, the ministry’s Urban Service Division said some of the proposed amendments involve other Acts such as the Strata Title Act 1985 (Act 318).

“Thus, proper consideration and agreement are needed between ministries before any amendment can take place,” said the ministry.

It added that the process to amend an act is time consuming as the authorities are required to conduct public engagements to gather supporting data and evidence before getting approval from the Attorney General to table the amendment in Parliament.

Hence, the ministry expects the process to be completed in the year 2021.

Since April 2019, the Urban Service Division has conducted four workshops which involved stakeholders and industry players of strata development and management in Malaysia.

The stakeholders and industry players are the House Buyers Association (HBA), the Real Estate and Housing Developers’ Association (Rehda), the Bar Council of Malaysia, the Strata Management Tribunal (SMT), the Malaysian Institute of Property & Facility Managers (MIPFM), the Association of Valuers, Property Managers, Estate Agents and Property Consultants (PEPS), the Royal Institution of Surveyors Malaysia (RISM), the Malaysian Institute of Professional Estate Agents and Consultants (MIEA), the Malaysia

Shopping Malls Association (PPKM), the Commissioner of Buildings (COB), Joint Management Bodies (JMBs) and others.

The aim of the workshops was to gather ideas, proposals and issues related to the SMA. These will be the basis for the government to develop policy direction and consequently, amendments to the SMA, KPKT said.

It added that the topics and issues raised and discussed at these workshops, that involve amending the SMA, are numerous and varied. They include topics such as annual general meetings, the appointment of a managing agent, different maintenance rates, factors of Schedule One, responsibility of the COB, developers paying a deposit for defects of common property, voting rights, the quorum to form JMBs or Management Corporations (MCs), sub-MCs and others.



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