

MAIN FACTOR IN BUYING A STRATA HOUSE

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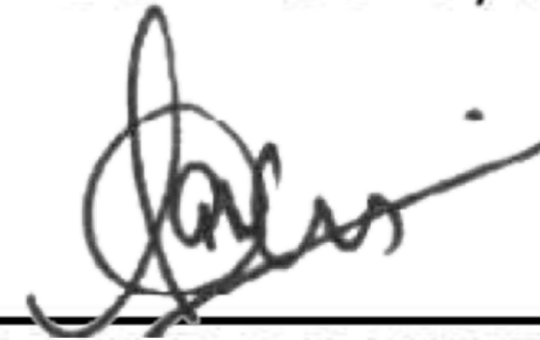


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MAIN FACTOR IN BUYING A STRATA HOUSE

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A thesis submitted in fulfilment of the
requirements for the award of the degree of
Bachelor of Engineering (Geomatic)

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AUGUST 2018

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DEDICATION

This thesis is dedicated to my parents, to my lovely father (Mohamed Ali Bin Subuhal) and mother (Zuebaidah Binti Weran Kutty), who support me financially and mentally during this project. To my dearest sisters (Aliza Shahmira Binti Mohamed Ali) and (Nur Alifa Atira Binti Mohamed Ali), who has been patience throughout in completing this project. To all my friends especially Nurain Binti Salleh, Siti Nur Afiqah Binti Azmi and Siti Izanni Hairunnisa Binti Mohd Asriy thank you for always being there for me. Thank you very much.

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ABSTRACT

House is one of the interests of all communities. In this sophisticated era, not only terrace houses are the needs of the community, but strata housing areas are also increasingly developed and become the choice of buyers. Strata is a property development that divides buildings or land into parcels, accessories parcel and common property and has a well management system. Apartments, condominiums, shopping complexes and townhouses are examples of strata schemes. For buyers, the characteristics of a home and residential area play an important role when buying a house. This is because buyer must ensure that it is fits the capacity of the family and level of comfort. Measurement of housing performance is very important to housing buyers and developers. In addition to generating profits for housing developers, performance on how housing areas will be the basis for buyers to buy a home. This study is conducted to find out the satisfaction rate of buyers in buying strata houses. This study conducted to see how buyers make choices when buying strata housing area. there are two methods being used in this study which is quantitative and qualitative. 99 questionnaire forms were distributed to 99 housing buyers in the Johor Bahru area to identify the level of interest of an individual before buying a house. This study reveals that security and facility factors are the most important thing in buying a home. It is well known that strata residential areas are usually full of well-equipped facilities and comfortable environments. ArcGIS application being used in this study to map the location that having many unsold strata house around Johor Bahru. In addition, this studies also show that housing developers can use this capital as a guide to improve their products and services.

ABSTRAK

Rumah merupakan salah satu kepentingan kepada semua masyarakat. Pada era yang serba canggih ini, bukan rumah teres sahaja yang menjadi keperluan masyarakat, namun kawasan perumahan strata juga semakin maju dan menjadi pilihan pembeli. Strata merupakan pembangunan hartanah yang membahagikan bangunan atau tanah kepada petak, petak aksesori dan harta bersama serta telah ditetapkan dalam sistem pengurusan. Apartment, kondominium, shopping complex dan *townhouse* merupakan contoh skim strata.. Bagi pembeli, ciri-ciri sesebuah rumah dan kawasan perumahan memainkan peranan yang penting ketika membeli rumah. Hal ini kerana pembeli harus memastikan ianya bersesuaian dengan saiz keluarga dan tahap keselesaan. Pengukuran prestasi perumahan adalah sangat penting kepada pembeli dan pemaju perumahan. Selain dapat menjana keuntungan kepada pemaju perumahan, prestasi mengenai bagaimana kawasan perumahan akan dijadikan asas kepada pembeli untuk membeli rumah. Justeru kajian ini dijalankan untuk mengetahui kadar kepuasan pembeli dalam membeli rumah strata. Kajian ini dilakukan untuk melihat bagaimana pembeli membuat pilihan semasa membeli kawasan perumahan strata. Terdapat dua kaedah yang digunakan dalam kajian ini yang bersifat kuantitatif dan kualitatif. 99 soal selidik borang diedarkan kepada 99 pembeli perumahan di kawasan Johor Bahru untuk mengenal pasti tahap minat seseorang individu sebelum membeli rumah. Kajian ini menunjukkan bahawa faktor keselamatan dan kemudahan adalah perkara paling penting dalam membeli rumah. Umum mengetahui, kawasan perumahan strata kebiasaanya penuh dengan fasiliti yang serba lengkap dan persekitaran yang selesa.. Aplikasi ArcGIS digunakan dalam kajian ini untuk pemetaan kawasan yang mempunyai banyak bangunan rumah strata yang tidak terjual sekitar Johor Bahru. Di samping itu, kajian ini juga menunjukkan bahawa pemaju Perumahan boleh menggunakan modal ini sebagai panduan untuk meningkatkan produk mereka dan perkhidmatan

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LIST OF ABBREVIATIONS

AGM	-	Annual General Meeting
COB	-	Commissioner Of Building
CCTV	-	Closed Circuit Television
DOSM	-	Department of Statistic Malaysia
GACOS	-	Gated and Guarded Community
JB	-	Johor Bahru
JMB	-	Joint Management Body
JUPEM	-	Jabatan Ukur Dan Pemetaan Malaysia
JPN	-	Jabatan Pendaftaran Negara
LRT	-	Light Rail Transit
MC	-	Management Corporation
MKNT	-	Mitra Komunikasi Nusantara
NLC	-	National Land Code
PBT	-	Pihak Berkuasa Tempatan
PBN	-	Pihak Berkuasa Tempatan
PTG	-	Pejabat Tanah Dan Galian
SMA	-	Strata Management Act
SPNB	-	Syarikat Perumahan Negara Berhad
UTM	-	Universiti Teknologi Malaysia
UN	-	United Nation

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CHAPTER 1

INTRODUCTION

1.1 Background of Study

Malaysia is known as a multiracial country. The population in Malaysia has been experiencing rapid growth since the 2000s until now. Various factors affect the population density in Malaysia including high birth rate, migration, and advanced technology in an area. This scenario has increased the economic stability and development of a country. This rapid development has also created pressure from various parties to meet the needs of each population, especially in terms of the settlement. It is in line with the vision of 2020 to ensure that every Malaysian has at least one house, especially for low-income families.

A house can be interpreted as a building consisting of one floor to several floors that serve as a place to live. The house is the foundation of human life. With the growing population, housing demand is also increasing. This increase occurs because they are in a productive group and can afford to buy a house to live in and can even be used as an investment (Tian Ling, 2013). There are various types of houses that are adored by buyers and most of buyers will find houses that have many facilities and are easy to use. The location of the house is the starting point in buying a house.

Statistics from Jabatan Perumahan Negara, 2016 stated that 99% of buyers will make sure that the house they buying is completed in every angle. The demand of buyers also increasing where they need a house that has a high level of security and completes facilitate in daily affairs. Although buying a house requires a high level of financial commitment, it will be an investment in the long run, especially for houses that are rich in various facilities.

According to Astro Awani in 2019, it is estimated that there are 32.6 million people in Malaysia and 76% of them are urban residents who live in strata either in landed or strata areas. This value will always increase due to the rapid increase in population (Nurul Azwani Azman, 2017).

Strata title was introduced through the National Land Code, 1965 (Act 56) to control the ownership of multistorey buildings. The definition of Strata title is a separate title for each parcel in a multistorey building or parcel of land that has a common property element. This parcel will be administered by the management corporation responsible for the strata. This title is required to confirm that one of the parcels belongs to the parcel owner to enable them to carry out activities related to any purchase, lease and rent (Hanif Abu Hasan, 2016). The National Land Code 1965 (Act 56) has also introduced Strata Titles as a document to be a valid record or proof to state that a parcel belongs to the legal owner (buyer) for the parcel sold. This title document can authorize the parcel owner to conduct the transaction.

Since 1977, strata titles have been amended several times in the National Land Code 1956 (Act 56) (Act A386), 1979 (Act 444), 1981 (Act A518), and 1985 (Act 318). On 22 May 1985, the strata title act 1985 (Act 318) was enacted and published in the Federal Gazette on 20 May 1985 and enacted on 1 June 1985. After the Strata Titles Act, 1985 (Act 318) became the Master Act, various amendments are made to resolve the current issue current i.e., in 1990 (Act A753), 1996 (Act A951), 2001 (Act A1107), and 2007 (Act A1290) to date, namely the enforcement of the Strata Titles (Amendment) Act 2013 (Act A1450). The Strata Titles Act 1985 (Act 318) was enacted in line with the increased development of multistorey buildings. Under the Strata Titles Act 1985 (Act 318), a developer has to apply for strata title on behalf of the buyer. The Strata Titles Act (Amendment) 2013 (Act A1450) was published in the gazette on 7 February 2013 as Act A1450 and with the approval of the National Land Council, came into force on 1 June 2015 in the States throughout Malaysia and Labuan for the benefit of strata title development and now strata title act (Amendment) 2016 (Hanif Abu Hasan, 2016). The amendment is intended to support the procedure and the process of subdivision of building process, for protecting the rights and interests of strata scheme buyers, to increase scope strata scheme management, to solve the problems faced by the population, and control the overall allocation (Khadijah, 2009).

1.2 Problem Statement

In Malaysia, the problem of unsold houses, abandoned houses, and houses without buyers are increasing and often talked about. This is because the price offered does not make sense even some developers set up a broken house without having any facilities. Things like this are often a distraction for buyers. According to a study released by the National Bank (PBN), it states that more than 300,000 houses are still unsold throughout Malaysia and most of them are condominiums and apartments. It is the biggest contributor to this problem by recording 11,602 units that are still unsold and still abandoned (Nordin Baharon, 2018).

Here are the statistics released by the edge, 2017 there are more than 10 types of houses that have this problem, and most of them are landed type houses.

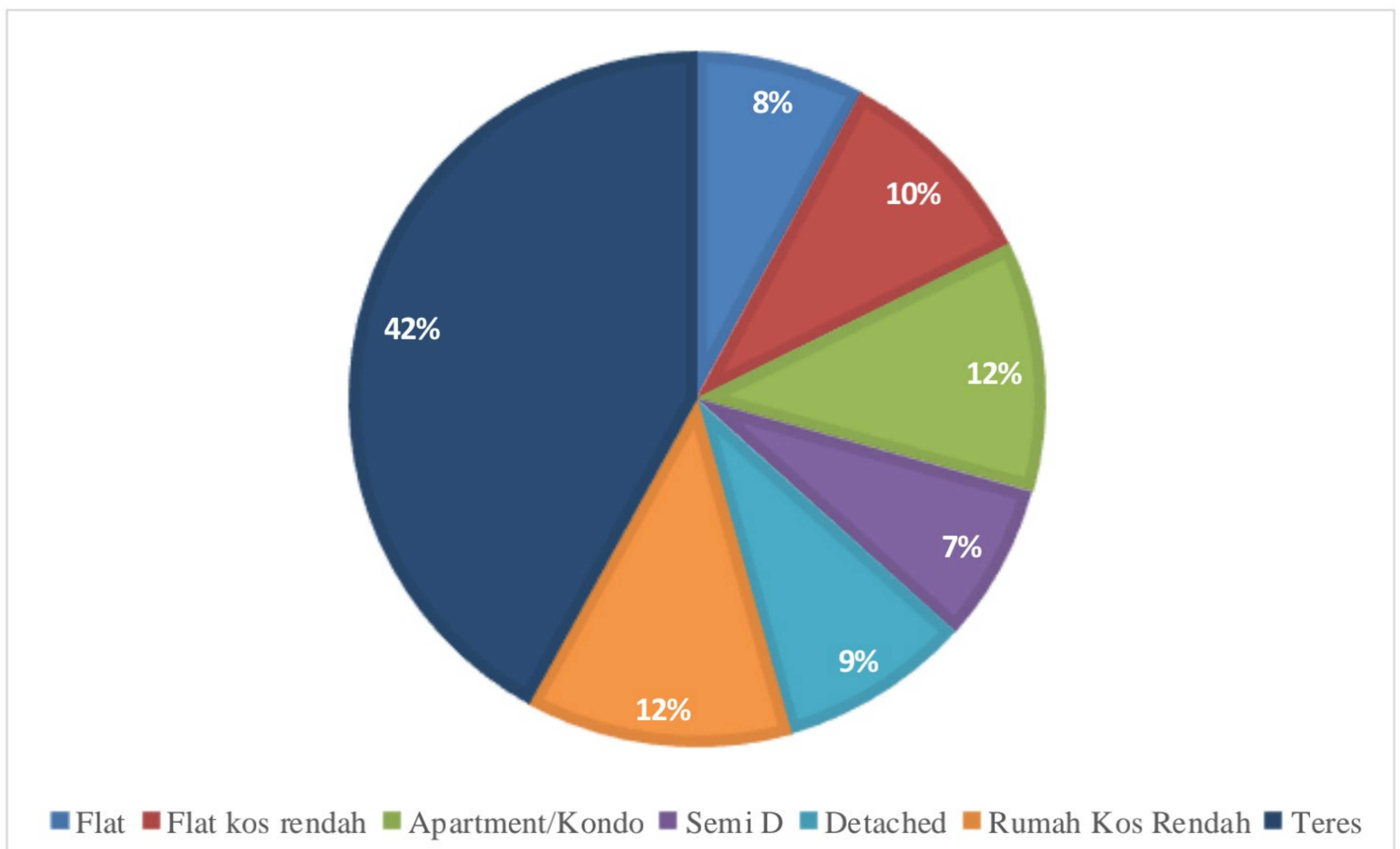


Figure 1.1 Types of Houses That Not Sold

There are three things that developers need to take into account when building a house which is the house design, house furnishings, and technology of the house. Housing growth like this must be supported by housing developers. The housing

developer is the party responsible for providing housing to the community and ensuring that the completed house is in good condition. It can also be categorized as any person, individual body of a company, firm or involved in to carry out a housing development (Act 118, section 3).

There are various reasons why the sale of strata houses is still lacking in Malaysia. Among the reasons is that most housing locations are too far from the main area. Location is an important factor in buying a home because it can make it easier for buyers to do daily activities. But it is well known that strata areas located in the centre of the city will experience double the price of the original price. Besides, the concept of a home consists a lot of facilities will also be the focus of buyers. Buyers having small children will expect playgrounds and swimming pools to meet the needs of their children. There are many more factors that need to be taken into account before making a home purchase. Therefore, such problems can be curbed if housing developers adopt a far-sighted attitude in development.

According to Property Hunter (2019), the first thing that buyers need to know before buying a house is the biodata of the developer who built the house. Responsible housing developers are able to produce houses of good quality. But that is not all that needs to be disputed, there are 5 other things that need to be taken into account about the developer or the company that built the house, namely:

- i. Developers / Companies have a lot of relationships with buyers.
 - Relations of developers with architects, banks, land surveyors, and housing departments to facilitate construction work.
- ii. Developers / Companies have many visions for the future.
 - Dare to take risks and know the plans that will be built for the house produced.

- iii. Developers / Companies are sensitive to the surrounding situation.
 - Responsible for the neighbourhood and maintaining the originality of the area without doing any mining or burning.

- iv. Developers / Companies are able to solve problems.
 - Wisely control the situation and good at acting when having problems. Take precautions and ensure construction will be completed within the allowed time.

- v. Developers / Companies have the ability to be leaders
 - Ensure that each party carries out the work properly without any problems and wisely plan a solution when there is a problem.

Buyers can find information about the developer with the housing department to ensure the eligibility of the developer. With this kind of information, buyers will not make bad decisions.

1.3 Research Question

There are several questions that are taken into account in fulfilling the objectives of the study. Among the questions are

- i. What is the importance of a strata building in Malaysia?
- ii. What is the factor that contributes to buying strata house?

- iii. Are the factors taken into accounts by the buyer in making the purchase of a strata house really affects the purchase of the house
- iv. What are the problems faced by the Johor Bahru in the selection of strata building?
- v. Do the residential aware with the laws that exist in strata?

1.4 Objectives

Based on the study that has been stated, this study was conducted to meet the following objectives:

- I. To identify the main reasons for buyers to buy strata houses from developers in Johor
- II. To evaluate the relationship between strata home buyers with the purpose of purchase either in terms of external and internal

1.5 Scope of Study

In carrying out this study, there are several scopes of the study have been outlined to ensure that this objective is achieved. The scope of this study will be used as a guide so that this study can meet the real purpose.

This study only focuses on strata development areas located in the Johor Bahru district. The study also to view how the selection of strata houses is the main reason to buy a house.

Other than that, this study focuses on demographic factors such as population, family capacity, and family income in the selection of strata houses. The analysis conducted is based on the views of the residents through a questionnaire distributed to

the public, whether they already have a house or not and this analysis is open to all genders, occupations, ages, and races.

1.6 Methodology

This writing is arranged according to the order of the framework that is from identifying the area to be studied and the purpose of the study to follow the actual objectives followed by data collection, data analysis and conclusions and recommendations.

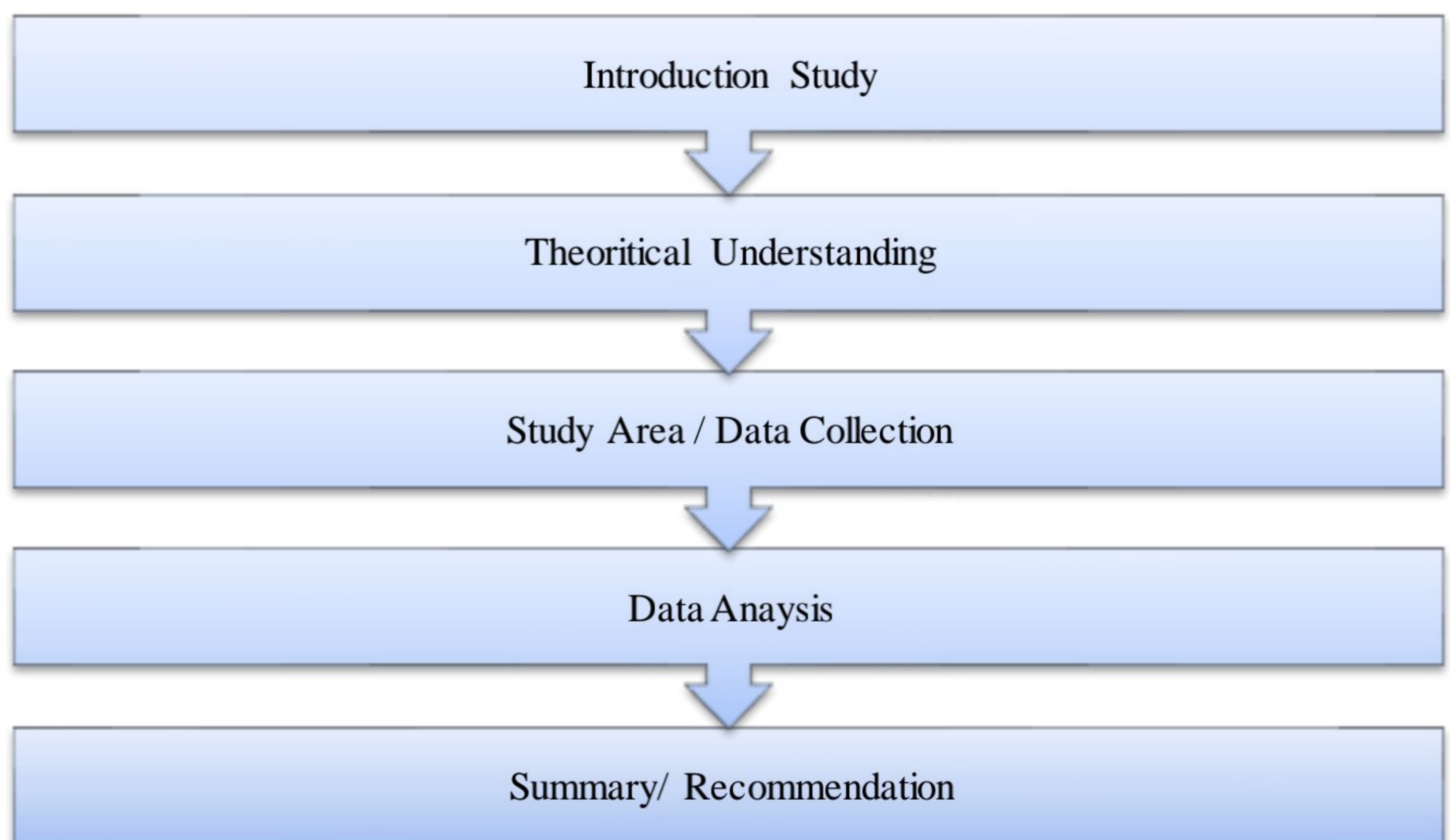


Table 1.2: Simple Methodology

Stage One: Introduction to the Study

This stage gives an overview of the author to identify issues and problems related to the factor of buyers buying strata houses. This research is done from various angles, whether location, process to conduct research, methods that can be used, and information retrieval. The search for information is available from various sources such as articles, journals, theses, websites, and even circulars. As a result of this study,

the objectives of the study, and the scope of the study will be known to avoid being far from the real purpose of the study.

Second Stage: Theoretical Understanding

This stage is very important because it explains the concepts of the study and the theoretical. At this stage, the author will explain roughly and theoretically about the definition, purpose, theory, concept of housing, factors of buying a house, and ways to overcome the choice of house. Data and information will also be taken from previous studies from various sources for reference. The author will also look for ideas to put in the questionnaire.

Third Stage: Introduction to Study Areas and Data Collection

Data collection will be done to get answers to the questions created. There are two types of data sources available from:

A) Primary data

Primary data are used for competent and realistic research in meeting the objectives of the study. The primary data are based on the study of the questionnaire form that will be done in the study area. Observations will be conducted in the study area to get a true picture.

B) Secondary data

Secondary data involve the search for information in the form of theory and facts through printed materials such as journals, newspaper clippings, JUPEM reports, books, and printed materials. Information can also be found in internet searches such as Scopus, Emerald, and google scholar. The data to be collected are such as unsold housing factors, problems faced by house buyers, and the satisfaction of strata housing buyers.

Fourth stage: Data Analysis

At this stage, the data will be analysed using two methods, that is quantitative and qualitative methods. This method aims to get an idea to answer the questions that arise while achieving the objectives of house selection.

Fifth stage: Summary and Recommendations

At this stage, the results of the study have been known and conclusions can be drawn. The real picture and the questions that have arisen have been resolved well. Conclusions will be made covering the entire study and suggestions for solving alternatives will be utilized by prospective researchers.

1.7 Significance of Study

This study can provide guidance and contribute ideas for the benefit of those directly involved in the industry in Malaysia. This study also gives a brief description of the duties of each party in strata law.

A) Buyers

This study can give ideas to buyers to buy strata housing in area, especially for those who have difficulty making a choice. Through this study, they can think of the factors that will be considered in the selection of strata houses from various angles, whether housing area, family size, and facilities in the residential area. In this study as well, buyers will know their responsibility there is strata housing.

B) Housing Developers

This study will give ideas to housing developers to focus on every aspect of house manufacturing. So, housing developers can meet the needs of buyers in buying a complete and comfortable house. Housing developers should also ensure that every strata owner gets the keys on time and ensure that each strata owner's responsibilities can be carried out properly.

C) State Authorities (PBN)

This study describes the task of PBN to act as a policy coordinator or a decision that needs to be implemented by the building commissioner at the local authority level. The importance of PBN in drafting and preparing a uniform action plan for adoption by building commissioners. This study is used as a guide to local authority (PBT) planning a development in the administrative area to attract investors in the area. It is also responsible for controlling land prices to prevent inflation.

1.8 Summary

This chapter describes the process that needs to be known before writing further. Various purposes and objectives have seen in this chapter where each of these problems will be discussed further in the next chapter.

CHAPTER 2

LITERATURE REVIEW

2.1 Introduction

Various topics will be described in this chapter which can give more insight into this study. The definition of a house, housing, house interest, strata building ownership and registration should be explained manually so that the objectives of this study are clearer.

2.1.1 House Defination

House means a place to live or a place to shelter, which is the basis of life. The house is a basic thing apart from food, transportation, medicine and clothing. The house acts as an asset to protect self and one's family from all dangers and calamities.

According to the Board Dictionary (2005), a house is defined as a dwelling. According to the Webster's dictionary, the house is a building for human beings to live in, especially the family. Houses are properties used as residences such as bungalows, terraces and hotels, apartments and flats.

The house is not only personal needs it is the needs of family, children and is categorized as a physical boundary where it separates one family from another family (Ismail Omar, 1992). According to a study conducted in 1970 by the population census, residence refers to all buildings built or converted into a form of residence or bed. According to the Drainage and Buildings, Act (Act 133) found that residential houses are buildings that are used in whole or in part for human habitation. A house is also a gathering place for family activities. According to a quote from Azwar 1996, saying a house is a place to rest and nurture family activities. Based on the above statement, the house can be expressed as a special place for a family and should be

owned by all communities. The capacity and location of a house can be set aside before buying a house to ensure family protection can be safe.

2.1.2 Housing Definition

Houses and housing carry different meanings of the physical concept. Housing is an area that combines many types of houses in one area such as longhouses, terrace houses. According to the Dictionary of The Hall (2000), housing is a group of houses or dwelling houses. More clearly, housing can be defined as a large area of housing or one housing unit. It can be said as:

"... a separate and free place to live for a household."

According to the United Nations (1961), the housing includes the housing environment, neighbourhood, micro-districts and physical structures used as shelters. It also includes basic amenities, community well-being and physical well-being. Housing can be turned into a profitable investment when the residence has access to employment, economic, educational and tourism opportunities. According to Boume 1981, housing is closely related to the political, economic, neighbourhood and environmental aspects as it is:

1. Provide water, electricity, sewerage systems and social facilities.
2. Economic goods that are durable and used as an investment medium
3. Provide infrastructure services and facilities to make it easier for residents to enjoy aspects of the neighbourhood and the environment
4. Considered a permanent economic resource where it can generate national wealth due to government intervention to control economic stability.

According to Maslow's hierarchy of needs, the residence is the basic psychology of man in addition to food.

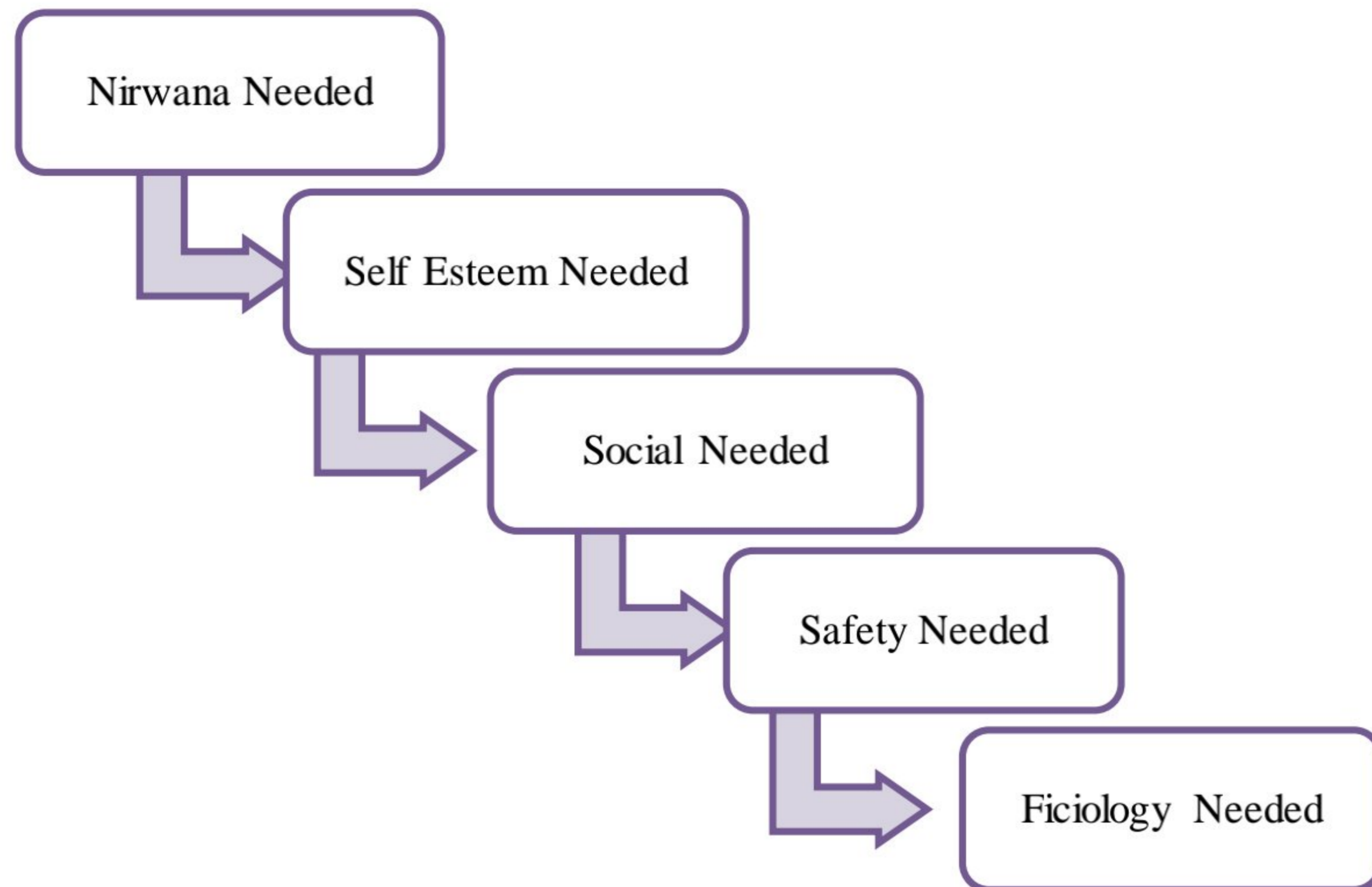


Figure 2.1: The Needed Hierarchy Of Maslow

These concepts of the house can be identified according to Katiman Rastam 1988, namely:

1. Housing unit

The residence is built for residential purposes. Residential units are divided into several types such as semi-detached houses, flats, apartments. Refers to a separate and independent residence for the bed. Usually has a toilet, bathroom, kitchen and living room

2. Many crowded houses

Refers to a separate and independent residence for the bed. Usually has a toilet, bathroom, kitchen and living room.

It can be concluded that housing is a concept of the house as a place to live. It is also associated with social, economic and environmental.

2.1.3 Functions And Purpose Of House

In line with economic development, the function of the house will also experience development in terms of function in addition to providing more protection. Among the functions of the house are:

- a. Provide comfort to the household
- b. Creating intimacy between families
- c. A gathering place for family members
- d. A place to relax and cultivate love

Through these functions we can see the increasing technology increase the needs and functions of the house.

2.1.4 Main Purpose Of Buying House

According to Ismail Omar (1992), in the past, people bought houses only for protection, but we have three purposes for buying a house which is an investment, speculation and self.

A. Self

Provide comfort to family members. According to Openg (2005), buying a house will emphasize physical features such as family, design and environment.

B. Investment

Investment is an important factor in house ownership of community control in Malaysia because they are confident of being able to provide multiplied profits. The rapid population growth at the moment will guarantee that more residents need a survival house. Therefore, for those who can afford it, there can use this

time to get a return. According to Enever (1977), say buying a house based on future returns is a medium of long-term investment.

C. Speculation

Speculation is an unhealthy activity where the activity of monopolizing the purchase price occurs. For example, buying a house at a low price due to the fall of the currency, but reselling at a higher price to get more capital (Hassan Jagdy, 2014).

2.1.5 The Importance Of The House

The importance of a house for every community is different. For example, the housing needs for bachelor's are not too high compared to people who already have families. Several requirements are optional in the purchase of such a house.

A) Physiology

More on the aspect of protection, protecting ourself from bad people and external elements.

B) Security

Goods can be well cared for and not stolen from wild animals and strangers.

C) Social

Place of formation of well-being. Serves as a place to strengthen friendship.

According to the United Nation (1997), housing needs is one of the social concepts that reflects the quantitative balance in the number of households and the number of housing units as well as the quality of housing compared to the standard, social and public health.

The needs of the house are a level where the quantity and quality of residence meet the minimum level. Thus, the needs and interests of the house play an important role in balancing the demand for a house with the purchase of a house to meet human needs.

2.2 Factor Buying A House

According to Azril Khairul (2015), said the rapid increase in population in the country is at the maximum level where the birth rate increases and the death rate decreases. According to the Publication of Important Statistics Malaysia (2014), confirms that in 2014 the birth rate was recorded at 511 865 people compared to 145 648 deaths. The following are the birth rates and births based on ethnic groups in Malaysia in 2013 and 2014.



Figure 2.2: Death Rate According To Ethnic Group On 2013 And 2014 In Malaysia



Figure 2.3 : Birth Rate According To Ethnic Group On 2013 And 2014 In Malaysia

Various factors cause differences in births and deaths such as declining educational standards, poor family planning, early marriage, low health status, disease outbreaks, war, religious factors and food shortages. According to Pocket Statistics St4 DOSM Johor 2019, say that inconsistent death and birth rate statistics in Johor have occurred.

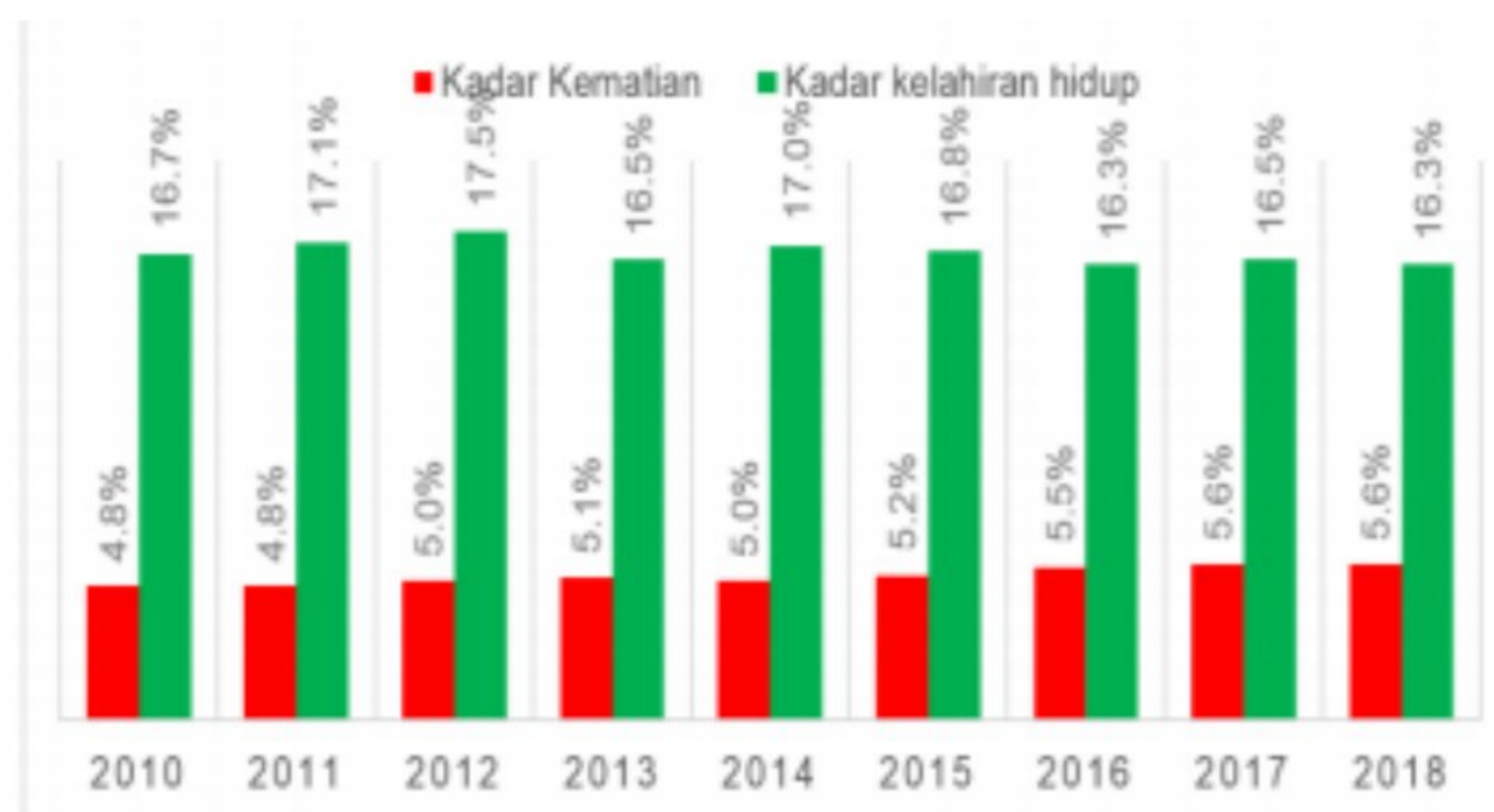


Figure 2.4: Death And Birth Rate In Johor On 2010-2018

This high birth rate affects the demand for housing for basic needs. Therefore, some things need to be taken into account before buying a house to meet the criteria of the buyer. External and internal factors will give the greatest impact on house purchases to ensure comfort in the future.

2.2.1 External Factors

External factors are the characteristics associated with the residential area itself. According to M. A. Khoirul (2014), external factors are unavoidable factors or only a little control of the owner on the impact.

According to Thursheena Shu'Ib (2008), external factors refer to factors related to property characteristics such as housing location, housing area infrastructure, housing facilities as well as the environment and sustainability, survival and house prices.

1. Price

Price is the most important aspect of buying a house. This is because it depends on the monthly income of the buyer. According to Kamsian (1997), the price is the amount of money released to obtain ownership so it is very important to make a comparison before buying a house to reduce losses.

Determinants of house prices will be influenced by aspects of facilities, location and environment to be considered as compensation due to lower travel costs. House prices will be expensive if they are close to schools, police stations, recreation centres and shopping malls. This makes the strata house area more expensive than the terrace house area because the strata have adequate facilities.

2. Location

The most important thing after the price for the house buyer is the location. Location is the site or area of a type of property where it determines the position of the property in an urban or rural area. The higher the access to and from an area the more people buy the house. According to Alan Perlis and Beth Bradley (2004), buyers will also look for locations with low criminal records to reduce the problem. However, not all buyers are concerned about this because some emphasize privacy and peace of mind and family. This makes them like

to sit in rural areas such as villages and small towns. They are willing to incur high expenses as long as they meet their criteria. For those who buy a strata house because they love tranquillity and convenience, they have chosen the right choice.

3. Broadband Internet Facilities

Broadband internet facilities can be defined as access networks and internet networks. It is common knowledge that the internet is an important component because all jobs require data to access information, especially for online sellers, students and teachers. Internet facilities will become faster in highly urban areas because they are close to telecommunication poles and vice versa for rural areas. According to the Department of Planning Malaysia, statistics on differences in education levels in urban and rural areas. The results show that urban areas are more successful because it is easier to access the internet than in rural areas. Areas that are easy to access the internet can find a variety of info with just a click.

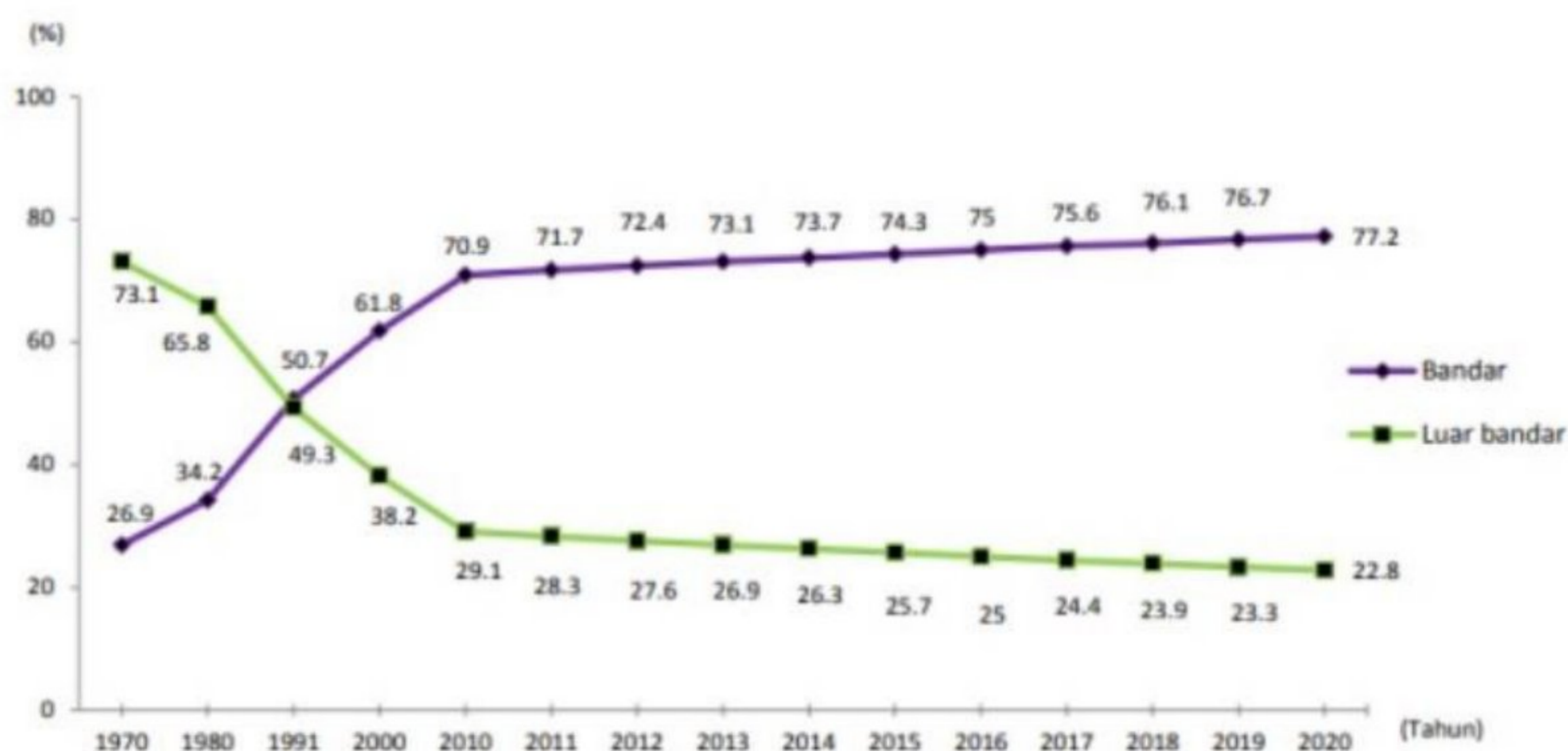


Figure 2.5: Malaysia Population For Urban And Rural Areas In Student Development

4. Basic and Public Facilities

Facilities refer to equipment in an area where it is in line with the Town and Country Planning Act 1976, which defines facilities as quality example conditions that contribute to comfort. The public and basic facilities in question are such as fire stations, police stations, hospitals, parks, bus stations, schools and so on.

But nowadays, the community prefers to take the area close to the school and the market to facilitate the return of children from school and able to shorten the distance from school and the house so that there is no need to take a bus or light Rail Transit (Lrt) as transportation to school. This, too, can reduce the problem of traffic congestion when picking up children from school. However, for strata areas, this can be avoided because strata buildings have kindergartens and parents do not have to worry. After all, the distance from the house to kindergarten is too close and not dangerous. According to Wu 2010, the election of the community will follow things that make it easier for them.

5. Type of Ownerships

According to I-property, there are three types of holdings, namely permanent holdings, leasehold holdings, and land lots. Usually, buyers will take this into account to make sure their house is their full right.

i. Freehold Ownership

The ownership is that the state government allocates one lot of land and manual without any time limit to the buyer. Among the benefits of buying permanent property is that the buyer will not have any problems when transferring the land to someone else.

ii. Leasehold Rights

Temporary ownership is that the buyer is given 99 years to use the land and then has to pay a premium to extend the lease. For this hold, house prices will drop every year.

iii. Lot Bumi

Lot Bumi is a sale for Bumiputera only and most buyers will buy this lot Bumi to make it easier for them to buy a house at a cheaper price, but the downside is that if the buyer wants to sell the house to non-land, the time taken to change status is very long and the possibility of rejection of the application.

6. Type of Title

Every house purchased has a different type of ownership. For example, the title will determine the criteria of the house. 3 types of titles are often talked about, namely the master title, individual title and strata title.

Ownership usually refers to the main title to a large piece of land owned by a housing developer. This title will be given to the developer after it is approved to develop the land. The developer has the absolute right to control the power of the land and can divide the land into individual and strata titles.

Individual property is the title allocated to each individual who owns a terrace, bungalow, semi-d and office type house.

Strata ownership is the title used for multi-story buildings such as condominiums, apartments, apartments and townhouses. Usually, buyers are interested in buying strata property because it is equipped with various facilities. Strata ownership also requires each buyer to be a member of the building and pay a sinking fund every month. This sinking fund causes them to have no problem if there is damage in the house because it will be repaired by the strata management.

7. Cultural Concepts

According to I-property, the concept of Feng Shui is knowledge of humans and the environment (water, soil, fire, metal). This concept is very much emphasized by the Chinese community because they believe this concept can bring prosperity in the purchase of a house. Therefore, the concept of Feng Shui can attract all positive energy. Some buyers will follow this concept very strictly. According to Kaki Property,

“Feng Shui depends on the individual and their date of birth. Feng Shui to its practitioners will give a bright future, good luck and goodness”

Among the examples of Feng Shui that is often heard is the position of the door of the house and the kitchen door cannot be parallel because it emits all the positive vibes.

8. Environment and Neighbourhood

Neighbourhood can be interpreted as a group of houses covering a political, economic and social environment (Harstborn, 1980). The environment is the surrounding conditions in the residential area. These two things are closely related to house purchases because they can provide comfort to the buyer. For example, a house that is close to an industrial area will produce a louder and less comfortable noise compared to an empty residential area without any economic activity.

According to Namid (2000), neighbourhood are interconnected with the environment which includes design, low noise levels, crime rates and low density.

All of the above criteria can be found in strata buildings because strata building is located in large areas and strata buildings adopt the concept of sound

reflection. And for those who like to be alone, strata are the best choice because the buildings are far apart and not connected.

9. Security

Security is something that can be taken into account in the purchase of land. Most buyers will take this into account because the characteristic features and strata building is the right building to live in. This is because strata many closed-circuit cameras are always controlled and security access. Travelling from the entrance to the house door requires an access card used to open the elevator doors and building entrances. This indicates the strata area is quite difficult for criminals to enter and buyers can place valuables in the house.

2.2.2 Internal Factor

Internal factors refer to the characteristics of the house such as house design, house technology, lighting level and capacity of the house which are the main factors in buying a house. This factor is taken into account to ensure that the house in which it is inhabited is comfortable to occupy for a long time. Examples of internal factors are:

1. House Design

The design factor is the criteria that buyers are often looking for. Buyers think that a beautiful, large and quality house design indicates a person's level of status. Design can refer to the number of rooms, the square size of the house, how many floors and the type of finish (Hamid Et. Al, 2008). Therefore, the buyer will emphasize the use of finish and quality of the house in ensuring the level of satisfaction of the buyer.

2. House Area

For those who have a family and have many children, the area is the main criterion taken into account to ensure the family is in a comfortable state. Buyers must buy a house with a large area. The right choice in the area of the house should be made carefully to make them do not buy a house in the future because the price of the house will always increase.

3. Ventilation and Lighting

Ventilation and lighting have a high effect on serenity. If the buyer is a career person, the buyer needs fresh air and solar energy to get the peace of mind of the idea. Ventilation is the existence of an air exchange system to remove contaminants that reside in the room and give a positive aura for breathing (Lenmed, 2017).

The lighting system is a source of light and sun that can increase stamina after tiring work. These two things can be generated when the house inhabited has many floors and many trees. Houses like this will also be considered by the developer.

2.3 Introduction of Strata Titles

Strata Titles are a type of Land Titles issued for stratified properties. To meet the Strata problem, the Strata Titles Act 1985 (Act 318) was enacted on 1 June 1985 which introduced several provisions. Among the provisions are the provision of accessory compartments, allocations to smooth the journey of the United Nations and give the responsibility of the parcel owners. This Act has been enforced throughout the states in Malaysia. The Act is capable of bringing drastic changes to developers for the Strata management process.

2.4 History of Strata

Strata Titles Act 1961 of New South Wales, Australia is the first to have been converted into the Strata Titles in Malaysia which was introduced on January 1966 through the National Land Code (NLC) 1965 in the Malay states associated in 1965 with no allocation rights Strata (PTG Melaka, 2016).

With the rapid development, the impact and urbanization of the Strata Titles issue became more important to explain certain functions. Due to this problem, on 1 January 1966 peninsular Malaysia introduced a new concept which is to divide the building into small compartments and this law is constantly updated from time to time. For the effectiveness of the Strata Titles Act, 1985 (Strata Titles Act 318) was also enacted on 1 June 1985 which replaced NLC 1965 to control and address current deficiencies and socio-economic needs.

The Strata Titles Act 1985 initially retained the old law as a subsidiary title of NLC 1965. However, to ensure that it was in line with the development, it was amended. Among the things that caused it to be changed was the issue of accessory compartments, temporary blocks and storage and parking spaces. This act was made to ensure that low-cost strata buildings could be produced. However, this act needs to be in line with the new terms and conditions so as not to conflict with existing laws.

Therefore, all provisions in NLC 1965 relating to Subsidiary Titles on parcels, common property and management corporations that existed before 1985 in NLC 1965 will continue to apply in the Strata Titles Act 1985. This indicates that there is no provision in 1985 in force in any state until PBN agrees to accept the strata method.

2.5 National Land Code 1965 (NLC 1965)

The National Land Code was enacted based on the FMS Land Code 1962 applicable in Negeri Sembilan, Pahang, Perak and Selangor before 1 January 1966.

The National Land Code Act was made in 1965 and came into force on 1 January 1966 and this Act is in force throughout peninsular Malaysia. The new provisions introduced by the Strata Titles Act are:

- a) Provision for holding accessory compartments
- b) Special allocation for low-cost multi-storey buildings
- c) Provision to smooth the partition journey of the building
- d) Rights and responsibilities of parcel owners

This Act was enacted based on the federal constitution, which aims to standardize the administrative system throughout the state. There are 6 divisions, 35 parts, 447 sections and 16 tables in NLC. Each section explains a different concept. Among the things in the National Land Code are:

- a) Land disposal
- b) PBN Rights
- c) Land owned by the transaction
- d) Registration land
- e) Introduction and administration

Among the tables in the National Land Code are

- a) Handle the form
- b) State the implied conditions
- c) Person in force
- d) Agreement in lease
- e) Counterfeiting

2.6 Subsidiary Title

The legal provisions of the subdivision buildings have been in place in the NLC where parcels and premises in multi-story buildings are subdivided and registered as Title deeds known as Subsidiary Titles. On 1 June 1985, the subsidiary provisions in

the NLC were repealed and the Strata Titles Act 1988 came into force for all Subsidiary Titles and such terms with Strata Titles. The following is the concept contained in the National Land Code 1965 for the subdivision of buildings

- a) The concept of subdivision of a building does not involve the land under which the building is erected
- b) Separate title will be issued to each quotation
- c) The management corporation exists automatically once the registration is transferred to the Subsidiary Title
- d) The joint property rests with the rights of the management corporation and a record must be made for the title
- e) Ownership is guaranteed by the government
- f) Every parcel owner has the same powers and rights as landowners (land matters, consolidation, subdivision and land consolidation)

The eligible condition for subdivision of a building for the registration of strata rights are:

1. The building must be two or more floors located in one lot
2. If in the same lot there is a one-storey building, it can still be divided into compartments or accessory compartments
3. Land title must be permanent ownership either registration or Land office title

2.7 Strata Title Execution

The implementation of the Strata Title has undergone 5 amendments since its inception. The first amendments to the Strata Titles Act 1990, the Strata Titles Act 2001, the Strata Titles Act 2007 and the Strata Titles Act 2013. Amendments were made to improve and solve the problems faced by the population (Khadijah 2009).

To facilitate the application of Strata Titles, the Strata Titles Act (Amendment 1996) allows developers to apply for Strata Titles even if the land is still under Temporary Titles. Provided that the Certificate of Completion and Compliance for occupancy must be obtained before the Title is registered. For Strata Titles mixed development consists of multi-story buildings (Hanif Abdul Hasan, 2016).

Although various amendments have been made, the increase in the public is increasing and the Strata Titles Act 1985 is inadequate and needs to be amended. Currently, all issues such as security, recreational facilities and social places can be provided in the Strata housing scheme. At the same time, a management corporation needs to be set up to set up this Strata scheme.

Thus, the shortcomings and weaknesses of the Titles Act 1985 in fulfilling the concept of Gated and Guarded Community (GACOS) in the Strata scheme. GACOS is clusters of houses surrounded by fences by way of entry or passage into houses, guard-controlled buildings, or CCTV-controlled closed circuits.

2.8 Building And Common Property (Act 663)

In 2007, the Building and Joint Property Act was created to ensure the maintenance and management of the common property are always guaranteed. This Act can only be applied to Strata buildings and this Act must be created before the management corporation or Mc is created.

The Parliament of Malaysia has enacted clause (4) article 7 of the Federal Constitution of this Act. This is to ensure that the laws introduced are always in line and the joint property management to be more orderly.

This Act is used throughout peninsular Malaysia and Labuan Region, which has been approved by PBN through the national council for local government (MKNT).

This Act covers all buildings that have been subdivided and will be subdivided so that strata titles such as condominiums, flats, apartments and shopping malls are issued. Once this Act is enforced, there are two stages or periods during maintenance of management corporation funds, namely Joint Management Body (JMB) and the period under the responsibility of MC. An interim period was also introduced where the management of buildings and the common property was placed under JMB while Strata ownership was registered and mc was created

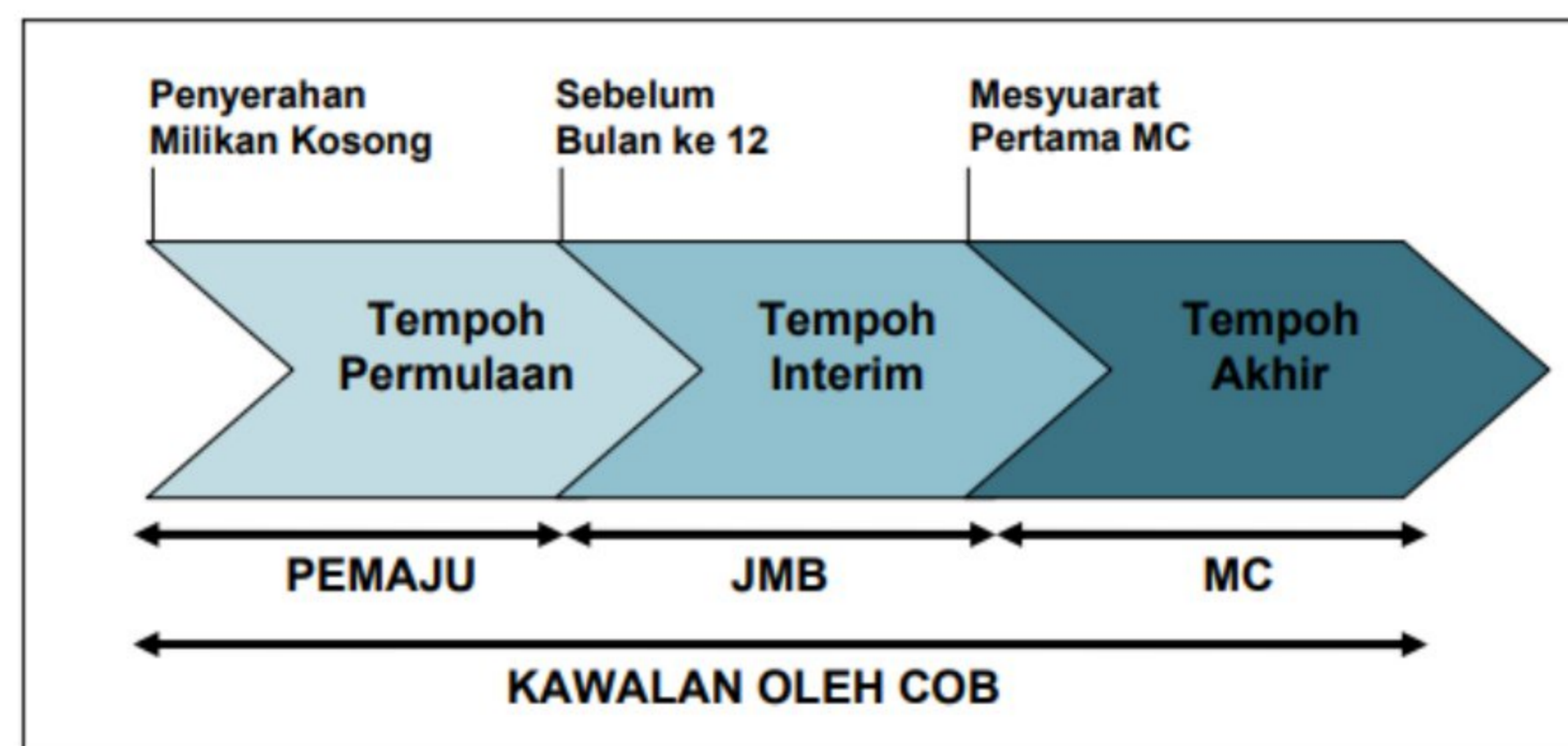


Figure 2.6 : Management And Common Property Period

This Act was introduced as an important element regulated by the building commissioner (COB). PBN will appoint COB to control developer behaviours. JMB, MC and parcel buyers to carry out their respective responsibilities perfectly.

The Act stipulates that the developer must hold the first meeting to establish JMB no later than 12 months from the date of vacant ownership (Implementation of the Joint and Development Act 2007). However, this Act has been repealed and replaced with strata management act 2013 (Act 757).

2.9 Strata Management Act 2013 (Act 757)

The Strata development Act has replaced the Building and Common Property Act (Act 663) to bring more benefits of all aspects of the Strata scheme administration. Among the reforms made is the COB building commissioner being expanded at the local authority level, increasing the allocation of subdivision of building, enforcement and penalties, the establishment of maintenance accounts and the appointment of management agents. In conclusion, the weakness in the solution for the Strata scheme became one of the reasons for the new act of government. This is to further strengthen the existing laws.

2.10 Housing Developers

A housing developer is a person or body or firm or company that establishes a housing area. Housing development means the sale of more than 4 units of housing lots by the landlord. To become a housing developer, there are many necessary processes among which are

- A. Application Form
- B. Copy of Land Title
- C. Approval to Change the Terms
- D. Premium Payment Receipt
- E. Survey Wage Payment Certificate from the Board of Land Surveyors I.
Approval of Layout Plan
- F. Memorandum of Company Establishment Articles

All application forms can be made online and once the application is approved the developer can start construction of a valid project for 3 years. Within 3 years, if the building is not completed then the developer can make an extension on condition.

2.11 The Responsible Of Developers

Developers are responsible for the building they do to ensure that the building is preserved. The responsibility of housing developers begins as soon as they hand over vacant ownership to the buyer. To finance these maintenance and management costs, developers can collect service fees from buyers. Among the developers' tasks are:

- a) Open and maintain a clear fund or better known as sinking fund as well as building maintenance account (APB) before handing over vacant ownership to the buyer
- b) Ensure the Strata building against loss / damage, fire and against all other risks as thought
- c) Deposit in the form of cash or bank guarantee any amount of money set by PBN with COB for the purpose of carrying out any defects on common property in the development area
- d) Hold the first meeting involving all buyers to set up JMB

2.12 The Responsible Of Buyers

The buyer has several responsibilities to be fulfilled while under management by the developer under the sale and purchase agreement set out in schedule H of Act 118. This responsibility starts from the date the buyer receives vacant ownership until the establishment of the MC. Among his responsibilities are:

- a) Settle the payment of services for the maintenance and management of joint property within 14 days from the date of receiving the written form from the seller
- b) Pay a 4-month advance deposit for maintenance services or any payment to be paid 1 month in advance

- c) Pay a contribution to the clearing fund equivalent to 10% of the service fee
- d) Pay insurance premiums based on temporary share units

2.13 Responsibility Of Joint Management Body (JMB) And Management Corporation (MC)

During the interim period, the main party responsible is JMB. Among the tasks of JMB are

1. Register the name of JMB with COB within 28 days from the date of the first meeting
2. Maintain joint property perfectly
3. Maintain a register containing the share units of each parcel, floor area, name, purchase address, and number of unsold parcels.
4. Maintain, store and enforce internal rules (house rule)
5. Administer and control the building maintenance fund which consists of various sources including surplus from APB
6. Open and maintain an explanatory fund or short fund which is a fund with contribution materials from KWPB
7. Make any modifications that are beneficial for strata building management.

In conclusion, JMB's responsibilities will end when the first MC meeting is held. The MC will take over management in the final period. Only an MC can be created for a lot regardless of the number of buildings contained in the lot. The MC is required to appoint a council to carry out its duties and act on behalf of the MC. The MC Council should consist of not less than 3 people and not more than 14 members consisting of parcel owners. All MC members can resign at any time for good reason. Among the responsibilities of the MC are:

- i. Manage and properly maintain common property and keep in good condition.
- ii. Insurance and always ensure the building to be safe.
- iii. Collect charges from the owner of each unit.
- iv. Make house rules to make sure the strata building always in control.

- v. Save all landowners.
- vi. Prepare and audit the building maintenance fund and distribute financial statements to all unit owners.
- vii. Take action on the wrong person who in charge for making trouble in strata building.
- viii. Buy property that benefits the strata to keep the building safe.
- ix. Hire paint, repair roofs and pipes for comfort.
- x. Collecting maintenance money and sinking fund.
- xi. Allow the expenses for common property assets.
- xii. Ensure property is insured and protected.
- xiii. Keep and maintaining the registration of all owner.
- xiv. Responsible for making AGM meeting.

2.14 Conclusion

Everyone who buys a Strata building will have their responsibility to keep the Strata building safe. Building ownership will be easier if all processes are done correctly.