

Private Building Management in Singapore

Prof. Lim Lan Yuan
Past President,
Singapore Institute of Surveyors and Valuers

Prof. Lim Lan Yuan, a lecturer with the National University of Singapore, is the immediate past president of the Singapore Institute of Surveyors and Valuers. He wrote the first book on Management Corporations which manage and maintain private condominiums and commercial buildings in Singapore. Prof. Lim has been a consultant to an United Nations agency in housing and building management. He currently sits on Singapore's Land Titles (Strata) Board which adjudicates disputes in private strata developments.

Abstract

The responsibilities for the proper management and maintenance of private buildings in Singapore fall within the purview of management corporations set up under the Land Titles (Strata) Act. The purpose of this paper is to discuss private building management in practice and highlight some of the problems and recommendations for resolving them.

Introduction

The management corporation (MC) which consists of all owners of a private strata-titled building is set up as required under the Land Titles (Strata) Act (Cap 158 Revised Edition (1988))(as amended). The main function of a MC is to control, manage and administer the common property for the benefit of the owners. More specifically, it is under duty to maintain properly and to keep in a state of good and serviceable repair, the common property and any property vested in it. Another legislation and a more general one, namely, The Buildings and Common Property (Maintenance and Management) Act 1973, provides for the proper upkeep of all buildings in Singapore.

Importance of building management

The physical building and infrastructure stock is a significant part of a country's real asset. From the economic point of view, it is essential to maintain the value and utility of buildings by preventing deterioration due to time and usage. From the socio-political point of view, keeping buildings in a good state of repairs reflects the prosperity of the country, prevents anti-social behaviour and contributes towards a quality living environment.

The process of maintenance involves both preventive work such as cyclical repainting, rewiring and servicing of mechanical and electrical equipment, and corrective work such as the repair or replacement of defective parts of the building or structure.

However, despite planned maintenance programmes, existing buildings will, with the passage of time, inevitably fall behind the prevailing standard of living and technology, and statutory requirements, necessitating capital expenditure to upgrade them. Hence, inherent in the process of building maintenance will inevitably be an element of modernisation and adaptation. The upgrading programmes presently carried out for Singapore's public housing flats are a good example of the nature of maintenance work.

Consideration of issues relating to maintenance should rightly begin at both the design and construction stages. At the design stage, consideration should be taken in the adoption of an appropriate building form, choice of suitable building materials, satisfactory detailing, and proper layout including the provision of access to parts of the building likely to require maintenance.

At the construction stage, maintenance considerations are even more important. A high quality of workmanship reduces the occurrence of defects in the completed structure in the course of its life. Proper supervision is important and much can be achieved through efforts to raise the level of skills of workers and inculcate in them pride in their work.

However, in practice the design, construction and maintenance processes in building work are undertaken by a diverse groups of persons with different interests, using various skills to construct or alter buildings from a multitude of building materials and components. This creates an unsatisfactory situation where property or building managers, the last in the chain, have to bear the responsibility of maintaining a difficult and sometimes, costly programme because of inadequately designed or poorly constructed buildings.



Low priority for maintenance work

To make the matter worse, when compared with new construction and development, maintenance aspects of buildings are not accorded high priority in most of the policy decisions made by owners. While the public perception has changed somewhat, building owners pay little attention to maintenance, particularly of the common property. Expenditure on maintenance is deemed unnecessary in times of rising capital values. With perhaps the exception of service sector buildings such as major hotels or large hospitals, maintenance is considered an unprofitable and postponable or avoidable activity, and accorded low priority in budget allocations.

Even where maintenance is undertaken, parts of the building are not given equal importance. Maintenance operations are, to a certain extent, still concentrated mainly on the elements of the building which are deemed more important such as mechanical and electrical services. Little attention is paid to building fabric or other less critical elements until it is necessary to replace them or cyclical maintenance is being undertaken.

The probable exceptions are public buildings including those managed by town councils and other larger and more prestigious commercial complexes in Singapore which are generally well-maintained.

Legal requirements for maintenance

The Land Titles (Strata) Act provides for, among other things, the establishment of a management corporation to manage and properly maintain the common property of buildings held in multiple ownership. The Buildings and Common Property (Maintenance and Management) Act provides for the appointment of the Commissioner of Buildings to administer the maintenance and management of buildings. Where, in the opinion of the Commissioner, a building or common property has not been maintained in a state of good and serviceable repair or in a proper and clean condition, the Commissioner may, by notice in writing require the owner, within such time as specified, to take such steps or carry out such repairs and maintenance as the Commissioner thinks fit.

Any person who fails to comply with the notice shall be guilty of an offence punishable by a fine not exceeding S\$5,000 and a further fine not exceeding S\$25 for every day during which the offence continues.

The Buildings and Common Property (Maintenance and Management) Rules 1974 prescribe a list of matters which the owner of a building or common property is under a duty to attend to. The owner is required to ensure that the grounds are kept in a clean and dry condition at all times and to ensure that the following, in particular, are properly maintained: the garden, trees, shrubs and hedges; the courtyards, driveway and carpark, recreational area and playground; drains, culverts and refuse bin centre; and gates and fences.

The owner should also ensure that:

- a) the external walls are neat and tidy, and are repainted every five years;
- b) the windows and doors are regularly painted and kept in a good state of repair;
- c) all fixtures, fittings and services are kept in a proper working condition and serviced regularly;
- d) roofing and gutters, when damaged, are repaired as soon as possible;
- e) the common and ancillary areas such as corridors, passages, staircases, airwells, lobbies, community facilities, refuse chutes and toilets are kept clean and properly maintained;
- f) adequate ventilation and lighting are provided in all common and circulation areas and lifts, and any blown fuses, bulbs or defective wires and switches are immediately replaced; and
- g) the building is kept clean and free from scribbling or drawings on walls, floors or ceilings.

In addition, owners of buildings with lifts are to ensure that the lifts are kept in a clean and proper working condition at all times, and that the glass windows and panels are properly screened.

Standards of maintenance

However, the statutes only state minimum requirements and outline general guidelines on “proper upkeep” and “state of good repair”. Except for the provisions relating to safety and the operation of machinery in buildings there is an absence of detailed standards specifying unambiguously, the acceptable level of maintenance.

In the absence of statutory guidelines, the standard of maintenance is largely dependent on the attitude of the building owner and the finance available for the maintenance work. For commercial buildings, tenant demands usually dictate the standard of maintenance. However, tenants are also prepared to accept a standard commensurate with the rent paid. In condominium housing, the standard of maintenance is largely determined by the finance available to private owners. The allocation of inadequate funds is often the main cause of poor maintenance.



Problems of existing practice and implications

This situation gives rise to problems the implications of which are discussed below:

1. Lack of direction and continuity in council

The Land Titles (Strata) Act requires an MC to be formed to manage the common property of strata-titled developments. The active participants in MCs, who are effectively responsible for the day-to-day running of the strata-titled properties, are owners who voluntarily offer their services or are co-opted to serve. They form the council which is elected each year. Not all of them serve the council for a long period. In addition, these are mostly persons with no expertise in, or knowledge of, building management. They also seldom have similar views on the merits of maintenance and the need to spend money on it. Moreover, they may not be able to appreciate or interpret properly the advice offered by the managing agents. You therefore get a situation when laymen attempt to manage a building which is best left to professionals. And because the council members are volunteers and changing, there is no definite long-term strategy on building management for condominiums. This results in ad-hoc measures being taken to rectify defects and carry out maintenance work.

2. Not exploiting the services of managing agents fully

In cases where managing agents are engaged, MCs do not necessarily exploit the full services of the managing agents because of cost considerations. The managing agents' role is often limited to administration and accounting functions. For older buildings, in particular, managing agents can perform a greater role in helping MCs to plan the overall asset management including upgrading and refurbishment work in order to enhance the value of the estate.

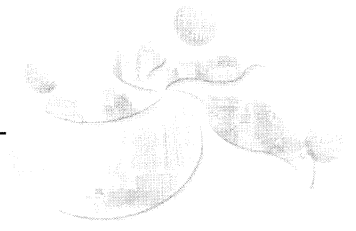
On the other hand, council members usually have high expectations of the managing agent. The person assigned to administer each condominium is expected by the MC to be an expert in the technical aspects of maintenance, contractual issues, the relevant statutes and regulations, accounting and personnel matters. Residents of the condominium also sometimes request advice on property values and market conditions. The managing agent is required to attend the council meetings which are held outside normal working hours, and be available at all times of the day to attend to "emergencies" and any other "critical" work. The managing agent may also be caught in conflicts between members of the council. Some MCs also tend to use the managing agent to effect unpleasant actions on errant residents. Yet, managing agents are not necessarily remunerated appropriately. Furthermore, the appointment of a managing agent is generally based on the lowest quoted fee. It is evident that there has been an unhealthy erosion in managing agent's fees in recent years. Low agency fees result in large variations of standards of maintenance service and the quality of advice offered. A higher fee for managing agents is not advocated here, but the emphasis is made on the axiom "paying peanuts to get monkeys".

3. Short contract period for managing agent

Unlike the Town Councils Act, the Land Titles (Strata) Act fixes the tenure of managing agents for a year (up to a maximum of 15 months) although a managing agent may be re-appointed at the Annual General Meeting. In view of the uncertainty about their continued engagement, many managing agents do not adopt a long-term approach to their work, and are reluctant to invest time and resources to plan for the long-term future of the building or estate they managed. This further aggravates the already ad-hoc nature of maintenance management undertaken. With changes in council membership each year, MCs should at least consider a more permanent MA to manage their condominiums.

4. Owners' attitude and financial considerations

The maintenance of private condominiums in Singapore has mainly been in the form of "crisis management", where maintenance is only performed when the need arises. Such a need-based maintenance system is typically the result of a lack of planning (which reflects owners' attitudes to maintenance) as well as financial considerations. The serious implications for older buildings are that it would result in further damage because of inadequate maintenance fund. The practice of setting aside low sinking funds should be discouraged. This action will benefit short-term owners at the expense of long-term occupants and subsequent owners as they will be asked to bear a greater burden of sinking fund later on.



Recommendations

In order to rectify the present situation, the following are recommended:

1. Learn from town councils their efficient and systematic way of managing the physical living environment

Because of the constitution and organisational structure of town councils, there is greater continuity and overall direction in the management of public housing estates than compared to private estates. In addition, the economies of scale and the experience acquired in public housing management have enabled town councils to manage their estates much more efficiently than those of private condominiums. Management corporations can indeed learn from the experience of town councils by coming out with a long-term plan in maintenance management.

2. Consider a longer term engagement of a good managing agent

If council members are unable to spend the time and effort in managing the estates, it would be useful to hand it over to a full-time professional managing agent. Promise the managing agent a longer period of appointment with renewal if it does well. Assign the managing agent the full responsibilities and duties of management if owners or council members do not have the time or know how to do it.

In other words, leave the technical aspects of property management to the professionals but demand from them good work and hold them responsible for failure. Of course, MCs must be prepared to pay them appropriately commensurate with the services provided.

3. Change owners' mindset towards maintenance

With the high prices of most property assets, it pays to focus on the maintenance of property in order to maintain and enhance its value. For private condominiums, particularly smaller ones, the maintenance expenses per unit is likely to be high. For more luxurious condominiums with ample facilities, a maintenance fee of more than S\$1000 per month is not unusual. Condominium owners should therefore consider this aspect of ownership when buying a unit. In this respect, private condominium owners should realise the vast difference in maintenance charges when they upgraded from public housing flats. Maintenance fee is a necessary expense to upkeep the common facilities provided and the common property in condominiums. Condominium residents would need to change their mindset in taking a proactive view to the management and maintenance of their estates.

4. Residents, council members and managing agent must be prepared to work together to improve the physical environment and the quality of life

The managing agent or the council is only one constituent in the condominium. The residents must also put in efforts to make the community work. Building management is only one aspect of condominium living which also includes promoting harmony and social cohesion among the residents and occupants. Conflicts often arise in condominiums because of differences and arguments. All parties must co-operate to ensure such conflicts are sorted out and work towards building a quality living environment.

Conclusion

All said, the situation is not completely bleak. In terms of providing for proper maintenance, Singapore has one of the most efficient sets of legislations in the world. For instance, the concept of having a Commissioner of Buildings to supervise maintenance is unique and is something other countries have modelled after, and the recovery provision in the Land Titles (Strata) Act is a legislative instrument which other countries would desire to have to enable them to arrest delinquency in contributions. These legislations coupled with qualified property management professionals have contributed to a large extent in making Singapore a clean and green environment with high quality living.