

Emphasis On Township Development Using Strata Lease Schemes For Stratified Buildings: A Case Study of Penang Island, Malaysia

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Introduction

- ▶ This case study aims to provide an overview of strata lease schemes in Malaysia and, secondly, a discussion of how the intention of developing strata lease schemes led to the creation of a new township.

QUALITATIVE METHODOLOGY (CASE STUDY)

Case Subject
(24 strata schemes)

Interview

- Land Owners
- Land Registrar & Land Administration

- To understand the process flow
- To understand the limitation
- To find out what law support

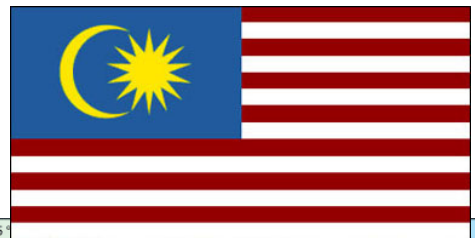
Documentation Review

- Planning Permission
- Subdivision of Strata Files
- Minutes of Meeting
- Other Relevant Documentation
- Strata Titles / Strata Book

- To verify process flow
- To identify specific law used



Where we are on the Map



Zainal N.H (2023)



Source: Malaysiamaps.com

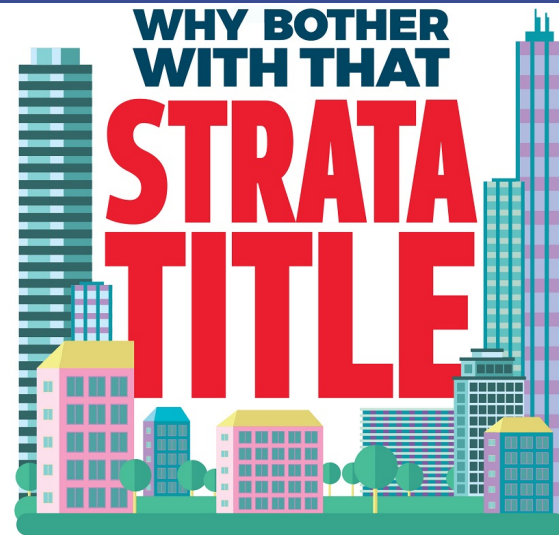
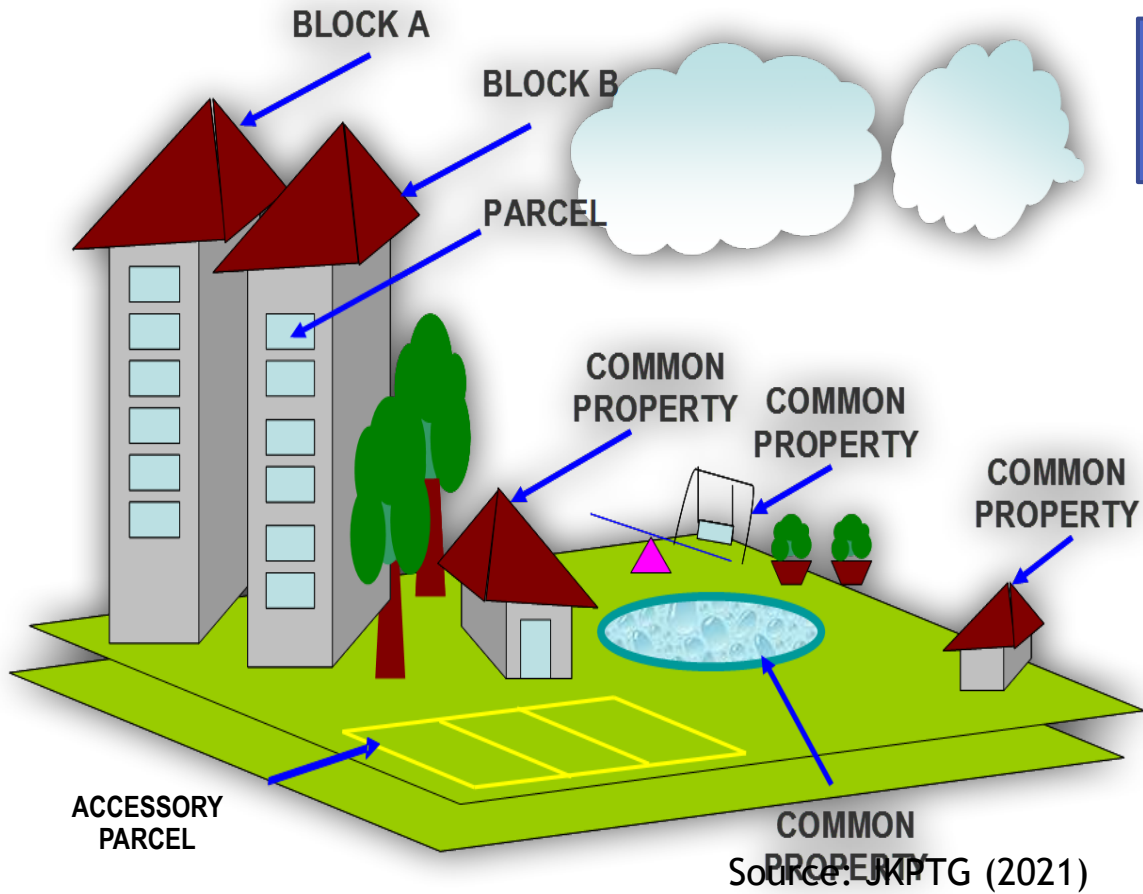


Zainal N.H (2023)

Part 1 - Overviewing the concept of the strata lease scheme



STRATA SCHEME ENTITY



Strata Title is a document of ownership (Kamaruzzaman et al., 2010)

Sample of Strata Title



Stratified building with physical entities of the parcel, accessory parcel, and common property and each unit has its own strata title (JKPTG, 2020; Izanda et al., 2020; Faizal et al., 2014; Antoniades, 2010; Kamaruzzaman et al., 2010)

ISSUES

Limited
Transfer of
Land
Ownership

High-Rise
Building
for
Housing

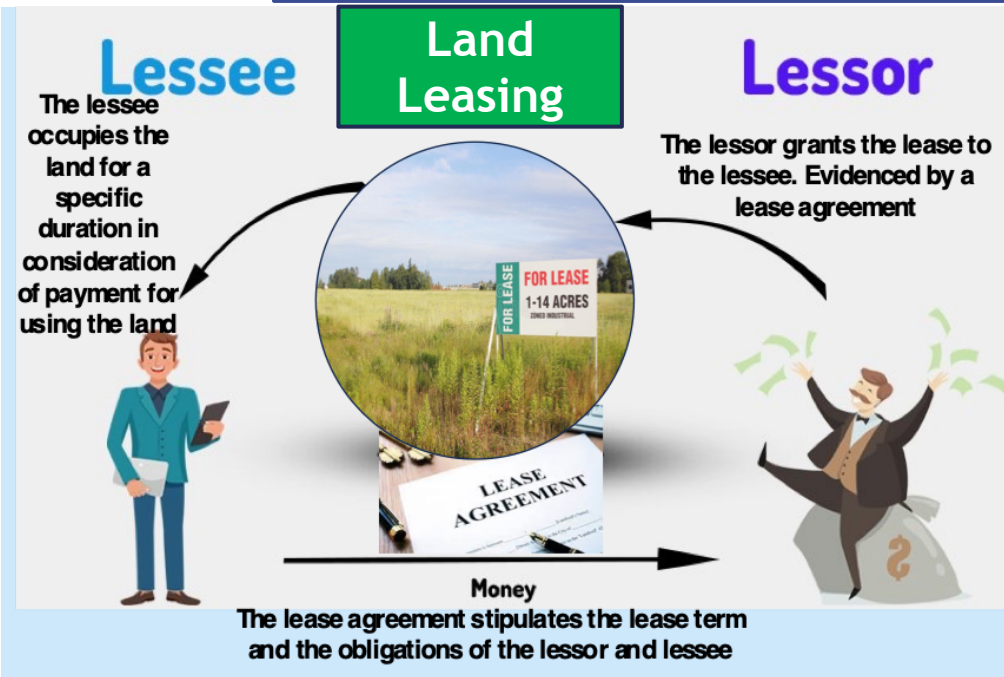


Scarcity
of Land

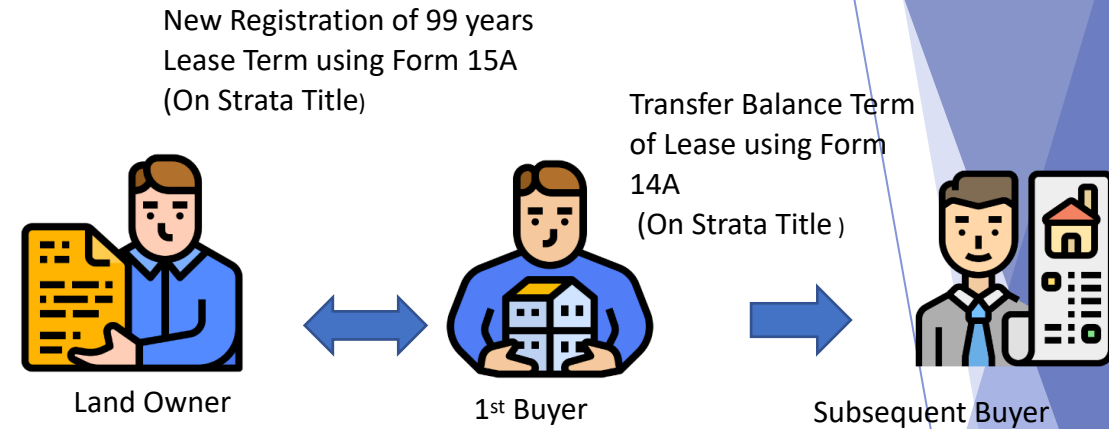
Need for Newer
Concept of Strata
Building
Development

These lead to
the introduction
of the Strata
Lease Scheme
Concept

THE CONCEPT OF STRATA LEASE SCHEME



Strata Leasing Registration Mechanism



- A strata lease scheme is formed when the lease is registered to strata title for all units in the scheme.
- It involves selling a unit to a buyer through a sales agreement and forming a lease agreement between landowners.
- The lease is only valid when registered.

Features	Strata Scheme	Strata Lease Scheme
Registration of Buyers in Strata Title	Registered as proprietor	Registered as lessee
Type of Ownership	Multiple owners	Single ownership
Term of Possession	Perpetuity	99 years lease

LIMITATIONS IN STRATA LEASE SCHEME

Has no law of its own.

Rely on other laws

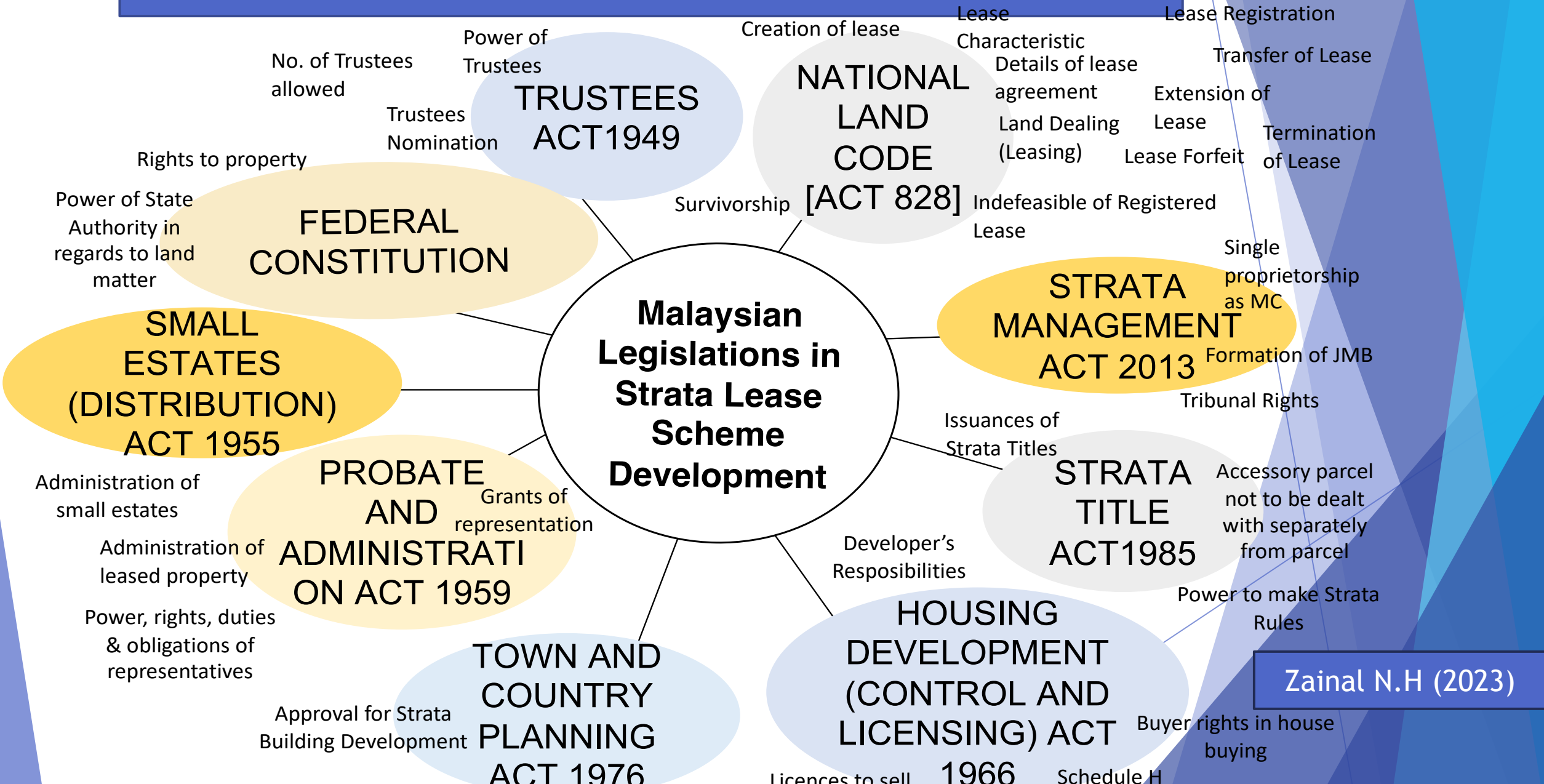
Only valid when the lease is registered onto all strata titles



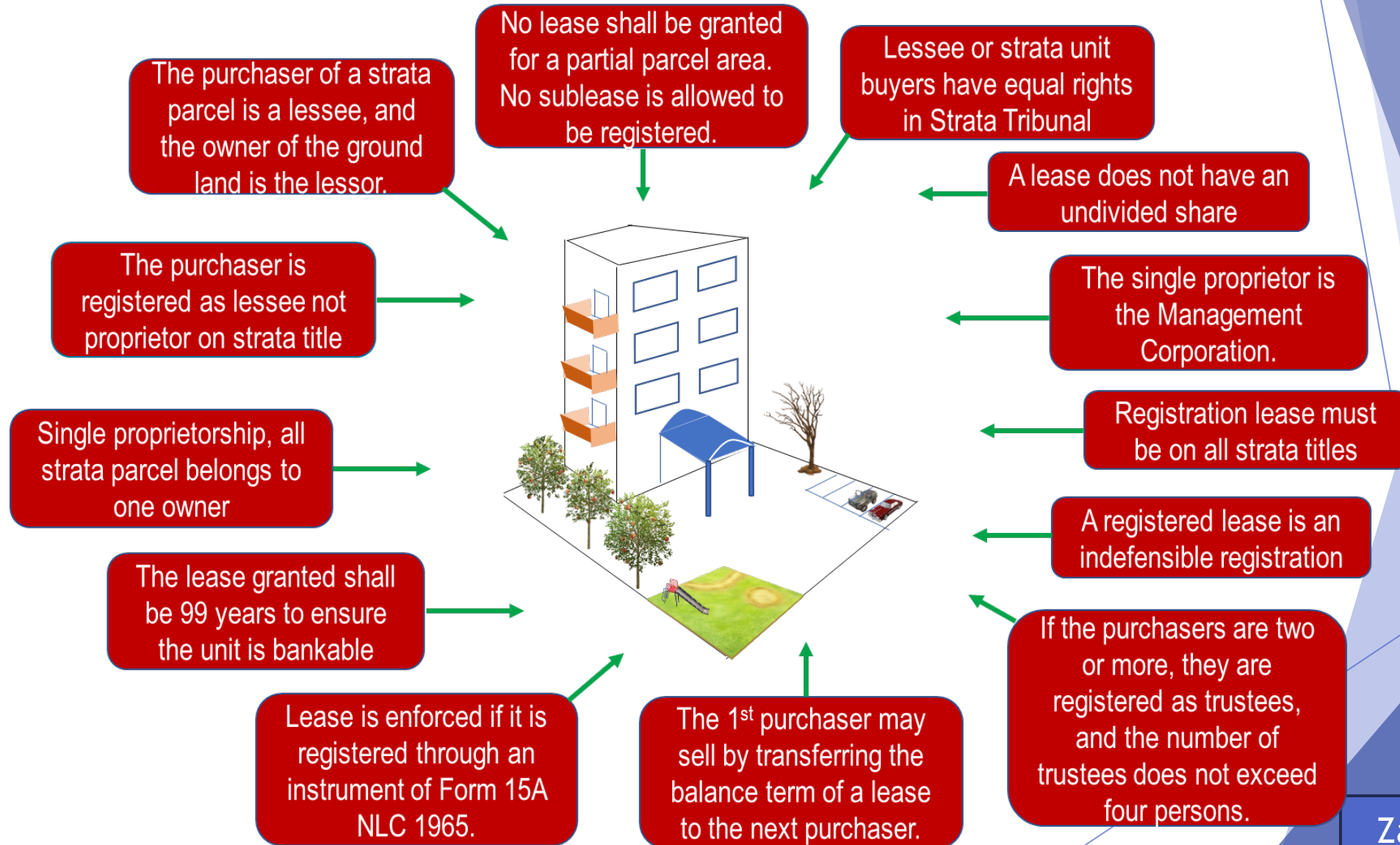
The concept is unfamiliar to many
The proprietor retains land ownership
Registering the lease on strata title is the intention of creating a strata lease scheme

Contrasting views by scholars on what laws apply to strata lease scheme concepts

THE LAW OF STRATA LEASE SCHEME



THE FEATURES STRATA LEASE SCHEME



Part 2-

Understanding how the concept of strata lease scheme leads to the development of a new township



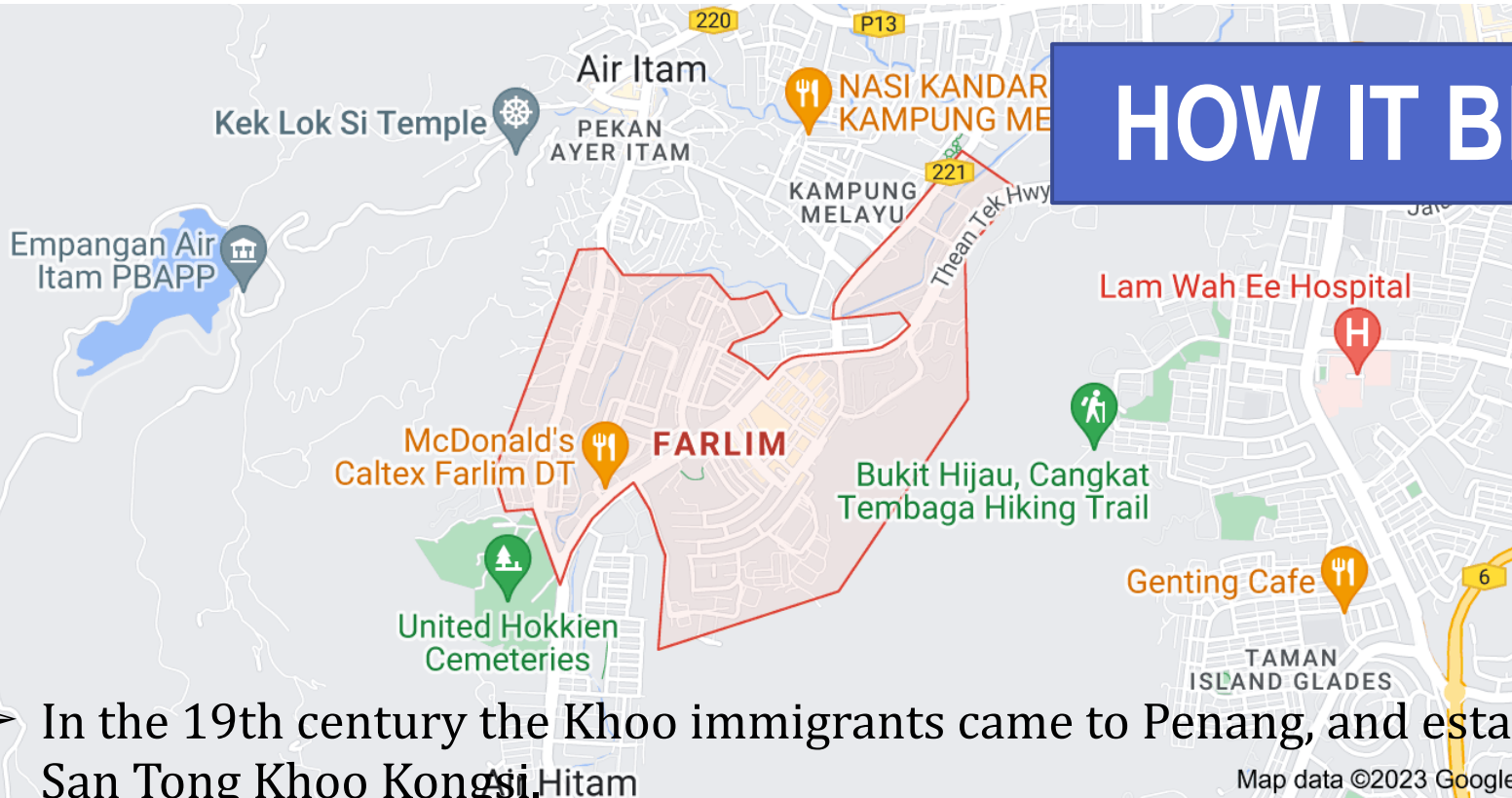


Bandar Baru Ayer Itam, a new township on Penang Island, development ever undertaken by a private sector developer.

Covering 356 acres, with 13,000 residential and commercial units.

A fully integrated township offering services of supermarkets, banks, pharmacies, clinics, restaurants, post offices, petrol kiosks, kindergartens, and police stations

HOW IT BEGINS



- In the 19th century the Khoo immigrants came to Penang, and establish established Leong San Tong Khoo Kongsi.
- In 1976 - incorporation into Trustees of Leong San Tong Khoo Kongsi (Penang) Registered. The formation of trustees has brought the decision to buy the 379-acre Thean Teik Estate
- The Trustees of Leong San Tong Khoo Kongsi (Penang) is registered as the land proprietor
- In 1983, a joint venture agreement signed between Trustees of Leong San Tong Khoo Kongsi (Penang) Registered and Farlim Group (Malaysia) Bhd to develop Thean Teik Estate, known as the township of Bandar Baru Ayer Itam, in the Island of Penang.

Added Public Facilities

Public facilities are built by Government

The Government of Malaysia has awarded Farlim three contracts for constructing public amenities including

- a) A police station and the living quarters of 980 units of three-bedroom apartments,
- b) There community halls and a mosque,
- c) A public high school comprising two blocks of four-storey administrative, science laboratory and classroom buildings.
- d) A six-storey public medical centre



Public High School



Public Clinic
(Medical Centre)



Police Station

STRATA LEASE SCHEMES (24 Case Study Subject)



Fortune Court



Farlim Square



Desa Baiduri



Desa Mawar



Orkid Apartment



Desa Intan



Low Cost Apartment



Jasmin Apartment



Desa Intan



Shops Cluster (A)



Bunga Raya Apartment



Desa Delima



Shop Cluster (B)

DISCUSSION

- ▶ The decision to convert into strata lease scheme development was due to land transfer restrictions belonging to an extensive lineage of the Hokkien Chinese community living in Penang since the mid-19th century.
- ▶ Long-term property leasing was seen as the most feasible option to preserve the original land proprietorship without hindering the need for housing demand.
- ▶ Development of additional amenities to fulfil the local government's housing regulations. Ultimately it led to creating an integrated township called Bandar Baru Ayer Itam.

CONCLUSION

- ▶ This study highlights best practices in property development initiatives toward sustainable housing delivery.
- ▶ In the case of Bandar Baru Farlim, the landowner, the Trustees of Leong San Tong Khoo Kongsi, could retain their ancestral land without hindering the need for housing and providing affordable homes to the area's localities, which led to a new township.
- ▶ The strata lease scheme concept is an option for owning a home through an extensive and robust relationship of 99 years of the lease agreement between the landowner and the strata unit buyers.
- ▶ Leasing property can be an excellent solution to the homeownership problem in Malaysia.

Thank You

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