

## **PROBLEMS FACED BY LIBYAN GOVERNMENT ACTING AS PROPERTY MANAGERS IN MANAGING AND MAINTAINING RESIDENTIAL PROPERTIES**

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**ABSTRACT:** In recent years, more Libyans are moving into stratified unit, especially in urban centres due to limited land availability. Thus, there is a greater awareness of the need for these properties to be well-managed. Property management has historically been underrated and is often associated with mundane maintenance work. However, with the increasing development of strata titled property and legislation to govern the property management of such property, there has been an increasing demand for professional property management skills. Therefore, this study has been developed with the aim to identify the main problems related to property management and the issue in managing the high rise and residential in Libya. The study was conducted through structured interview with professional property managers, and also through postal questionnaires. From the study, it was found that the most common complaint lodge by tenants in high rise is defects in their unit not attended within time specified. The process and procedures of handling defects complaint from tenants are also inefficient. The most common problem faced by property management is poor collection of maintenance fee. The tenants do not pay up the maintenance fee because they are not satisfied with the maintenance work carried out by property management.

**Key Words:** property management, Libya, maintenance

### **INTRODUCTION**

Property management all around the world is getting mature and growing day by day as the sector is seen as one of the most important industry to support the living standard of the people as well as it contributes to a nation's economy. The creation of more and more strata types of developments has resulted in the need of professional property management (Andrew, 2003). Libya has a very big covered land and accordingly the requirement of the people is to develop big and better facility in the houses as well as in the housing society. One of the competition which government is facing is people want to pay more to buy better quality houses for the better living. To build an affordable and good quality housing schemes government have to use the strategic planning to overcome this issue. Increasing urban population in Libya for example, established a market for mass production housing a few years ago. Private sector activity in housing construction depends mainly on loans granted from the public institutions, which

undertake housing finance through co-operative housing activity (Essayed, 1981). The impacts of economic factors on housing demand and supply have been observed and discussed by many scholars. On the demand side, previous studies have emphasized how economic factors affect housing demand and consumption (Hudana, 1995). The development of the housing sector is a field, which will depend greatly upon the activity of the private sector and its financial resources (Garnett, 2000). Bukamur (1985) argued that most Libyan cities witnessed a large number of shantytowns surrounding the planned areas

In recent years, Libya has witness more movement of its populace towards the stratified unit, especially in metropolitan centres due to limited land availability. Thus, there is a greater awareness of the need for these properties to be well-managed. Property management has historically been underrated and is often associated with mundane maintenance work. However, with the increasing development of strata titled property and legislation to govern the property management of such property, there has been an increasing demand for professional property management skills as the government lacks professional skills in property management. This chapter is an introduction to the study. It presents an overview of the study briefly on the background, specifying the aims, expressing the problem statement, formulating the study methodology, setting the report outline and qualifying the limitation and scope of the study. The purpose of this paper is to identify the main problems related to property management and the issue in managing the residential properties in Libya. The aim of the research paper is to identify the main problems relating to property management and the issue in managing the public housing in Tripoli, Libya. The paper focus on the government's performance as property manager and the manager's skills.

## **BUILDING MAINTENANCE**

Building maintenance has until recently been a neglected field of technology. It possess little glamour, is unlikely to attract very much attention and is frequently regarded as unproductive. Property owners all too frequent endeavour to keep maintenance expenditure to a minimum, ignoring or misunderstanding the adverse long term effect of such policy. Neglect of maintenance has accumulative result with rapidly increasing deterioration of the fabric and finishes of a building accompanied by harmful effects on the contents and occupants (Ivor, 2003). Building Maintenance is work undertaken in order to keep, restore or improve every facility such as every part of the building, its

services and surrounds, to currently accepted standard and to sustain the utility and the value of the facility. The committee added the word “improve” to reflect that most of the building has long life expectancies and acceptable standard of amenities and performance will rise substantially over their lifetime as a result of one or more of the following:

- ❖ Statutory requirement e.g. safety, health and welfare provisions;
- ❖ Regulations of statutory undertakers
- ❖ The need to maintain a public image
- ❖ Steps taken to maintain rental values

### **PROPERTY MANAGERS AND MAINTENANCE**

Modern property management requires the contributions of several specialist but general practice surveyors not only occupy a dominant role but also lead the team. They may be employed in public service or in private practice; they may be in full time salaried employed of an institution or they may be act as agents of their several principals on a basis of a negotiated fee. This was once the usual method but today, with greater emphasis on overall management, such a basis is not altogether appropriate (Andrew, 2003). . Their advice would improve the usefulness of the competed building and increase the flexibility and quality of use, thus enhancing the prospect of findings and keeping tenants. Their view may well be different where they intend to hold the building for long term investment. Then they will seek to avoid troublesome maintenance, especially where this may have an affect on rental value. When they intend to occupy their premises they will tend to weigh the alternatives of immediate cost against deferred maintenance expenses and make a financial judgment.

### **BUILDING DEFECTS**

Defects within new buildings are areas of non-compliance with the Building Code of Practice and published acceptable tolerances and standards. Older buildings, or buildings out of warranty period, may not comply with these standards but must be

judged against the standard at the time of construction or refurbishment. Obvious examples of a defect are cracked, damaged or deteriorated brick walls, leaking showers, dampness to a building as well as, excessive sagging to a roof or ceiling. To determine the actual defect requires a professional inspection to find the cause of the problem and to provide the right information for remedial works. To determine the actual defect requires a professional inspection to find the cause of the problem and to provide the right information for remedial works. Also, defects may exist in areas not accessed by a homeowner such as rooftops. Roof construction can also be affected by fire damage and must be assessed as structurally adequate (Higgins, 1953).

A research by Gibson (1979) found that while most building defects are associated with the structure, others are associated with unsightly patterns of soiling of the elevations and lack of accessibility to services. Whereas, for a building not more than 25 years old, Ranson (1981) showed that design faults and specifications comes the second after the wear and tear factor. The eleven major groups of faults identify by Assaf *et al.* (1996) are defects in civil design; Architectural defects in design; Design defects in maintenance practicality and adequacy; Defects due to consultant firm administration and staff; defects due to construction drawings, defects due to construction inspections; defects due to civil construction; Defects due to contractor administration; defects due to construction equipment and defects due to construction materials and defects due to specifications.

### **PROBLEM IN MANAGING PUBLIC HOUSING**

In a paper on Libyan Property Market into the New Millennium, (Gommah 1999) outlined current issues affecting property management in Libya, which includes poor collection of maintenance fee. Gommah (1999) also stated that currently there is no proper guidelines and enforcement on owners who default on payment of maintenance. Issues such as, defects in resident's unit are not attended within the time specified, poor customer service provided by property management, poor customer service provided by

property management, design deficiency and defects in residential unit are attended to but not up to satisfaction are the common complaints. Every month high rise tenants submit a check to their property management for maintenance fees. It is only normal to wonder how the maintenance fees, which are so faithfully submitted, are allocated. Gordon (1990) listed out six basic categories into which the maintenance fees and other income such as interest and late charges are allocated, namely general maintenance, administration, capital reserves, general expenses, deferred maintenance and utilities.

## **METHODOLOGY**

In this study, interview was conducted in a structured form, whereby questions are presented in the same order and with the same wording to all interviewees. This technique is found the most appropriate for this study because the answers can be more accurate, the response rate is relatively high and the answers can be explored with finding out “why” the particular answers are given (Nachmias and Nachmias,1996)

Besides personal interview, the researcher also carried out postal questionnaire as there are many advantages such as cost effectiveness and speeds in process. The postal questionnaires are kept simple and have close ended question that require a specific response such as ‘yes’ or ‘no’ or ranking of importance of factors. The structured interview and postal questionnaire was conducted to obtain information on general background of the property management company, the problems faced by property management with relations to collection of maintenance fee and sinking fund, the current process and procedures of handling defects complaint from tenants and also the most common complaint received from tenants. Structured interview was conducted with property managers’ in-charge for various high-rise buildings. The first section of the questionnaire is mainly to obtain information on property management organization such as number of employees in the organization, status and number of buildings, general condition of the building and their average size.

The second part focused on the management itself. To evaluate the ranking of different factors that cause poor collection of maintenance fee from the point of view from respondents, rating was made against the five-point scale described previously were combined and converted into relative important indices for each factor, adopting the Relative Index (RI) ranking technique. This determined the relative ranking of the

different factors by comparing the individual value of the relative importance indices for each factor. The questionnaires were based on those developed by Arditi and Narakorawit (1999), with a small amendment made to suit the research.

Table 1 indicates the number of full time employees in the respondent's company. 12 companies employ 1 to 10 employees (24%), 5 companies employ 11 to 20 employees (10%) and 33 companies employ 21 to 30 employees (66%). Table 2. showed the years of companies' experience in managing building. Because the companies constitute quite large and medium sized firms, they are expected to be in this industry for at least a year. According to the feedback, 35 out of 50 respondents have been in this industry for more than 10 years (70%), while the other remaining 30% has been in this business between 1 to 5 years only.

**Table 1: Number Of Full Time Employees**

<b>Number of full time employees</b>	<b>Number of respondent (100%)</b>	<b>Percentage</b>
1-10	12	24
11-20	5	10
21-30	33	66
31-40	0	0
41-50	0	0
More than 50	0	0
Total	50	0

**Table 2: Years Of Companies' Experience In Managing Building**

Years of experience	Number of respondents	Percentage (100%)
Less than a year	0	0
1-5	15	30
5-10	0	0
More than 10	35	70
Total	50	100

All respondents stated that the buildings they are managing is owned by their company (100%). This shows that the respondents are the Property Management companies, which also act as building owners.

#### **MAJOR COMPLAINTS LODGED BY HIGH RISE RESIDENTS**

Table 4 shows the analysis of the major complaints lodge by tenants in high rise using Relative Index and been ranked in accordance with reference to the index. Frequency Analysis was used to support the degree of agreement in the survey.

**Table 4: Major Complaints Received By Tenants In High Rise Property**

Description	Likert Scale	Frequency Analysis		RI	Rank
	1 2 3 4 5 No. of respondents	<3 %	>3 %		
Defects in their unit are not attended within the time specified	0 1 2 5 42	2	94	0.952	1
Poor workmanship by the contractors	0 2 1 10 37	4	94	0.928	2
Services and facilities are not ready when they took over the Vacant Possession	1 2 3 14 30	6	88	0.882	3
Design deficiency	3 3 8 22 14	12	72	0.764	4
Defects in their unit was attended to but it is still not up to their satisfaction	5 15 10 14 6	40	40	0.604	5
Poor customer service provided by Property Management	12 33 2 3 0	90	6	0.384	6

1. Total number of respondents was 50 out of 60 survey forms sent which represents 83% received

2. Scale used: 1=Strongly disagree, 2=Disagree, 3=Neutral, 4= Agree, 5=Strongly Agree  
Table 4 the respondents were strongly agree that the most common complaints lodge by tenants in high rise is with regards to the defects in their unit not attended within the time specified in the Sales and Purchase Agreement, which gives the Relative Index of 0.952. It is then followed by poor workmanship by the contractors with Relative Index of 0.928, services and facilities not ready when tenants took over the Vacant Possession form the developer (0.882 Relative Index), design deficiency (0.764 Relative Index) and defects in their unit was attended to but it is still not up to their satisfaction (0.604 Relative Index). From the table above also, the respondents disagree that the common complaints lodge by tenants are poor customer service by Property Management (1.92 Relative Index). All of the respondents also stated that their company has proper procedures of handling defects complaint from tenants.

#### **PROBLEM FACED BY THE PROPERTY MANAGEMENT IN MANAGING THE HIGH RISE.**

Problems faced by property management are divided into 3 categories, namely poor collection of maintenance fee, house rules abused and vandalism cases.

Table 5 showed that 33 out of 50 respondents (66%) agree that the main problems faced by Property Management in managing the high rise residential is poor collection of maintenance fees, 12 out of 50 respondents (24%) agree on house rules abuse, while the remaining 5 of them (10%) is on vandalism cases.



**Table 5: Problems faced by property management**

<b>Problems faced by property management</b>	<b>Number of respondents</b>	<b>Percentage (100%)</b>
Poor collection of maintenance fee	33	66
House rules abuse	12	24
Vandalism	5	10
Total	50	100

## **RESULTS AND DISCUSSION**

The number of questionnaires sent to respondents is considered sufficient to give accuracy to the data. Although the feedback received is only 83%, the data can be considered accurate as all of the respondents are from those in property industry.

Most of them are property management team which handles the management of the property themselves, and the rest are project managers and executives who handle the development of the property at initial stage. Those project managers and executives are also knowledgeable in property management as they will work hand in hand with property management team to solve the problems after building has been handed over to purchasers.

### **MAJOR COMPLAINTS LODGED BY TENANTS IN HIGH RISE PROPERTY**

Based on the survey analysis (Table 4) the most common complaint lodged by tenants in high-rise property is defects in their units are not attended within the time specified which represented by Relative Index of 0.952, followed by poor workmanship from the contractor (Relative Index of 0.928), services are not ready when they took over the Vacant Possession (Relative Index of 0.882), design deficiency (Relative Index of 0.764), defects completed not up to satisfaction (Relative Index of 0.604) and finally customer service provided by property management (Relative Index of 0.384). Below are the discussions on the above results.

### **DEFECTS NOT ATTENDED WITHIN SPECIFIC TIME**

From the survey and interview with the Property Managers, the researcher found out that there are a few reasons why defects cannot be attended to within specified time. Firstly, according to the property managers, in most cases major items in the defect list have been completed; only the remaining items left undone and will still be attended to but may cause a slight delay in completion time. The delay in defects rectification also may be caused by shortage of material by the Contractor to carry out rectification work. Late delivery of material to site may cause delay in rectification works. Besides that, some of the defects listed in the defect complaint form are not purely defects, but due to design deficiency, which is beyond the Contractor's scope of work. The Contractor however, seldom make known on the above to the Property Management/Project Manager/S.O. This is based on the feedback received, which indicates that only 4% of the respondents agree that the Contractors make known to property management on the items in defects list which is beyond the Contractor's scope of work.

Based on the interview with property managers, the researcher was make known that in most cases, the Contractor will normally take the whole list of defects and do up the rectification work which is only within their scope of work and abandon the one which is due to design deficiencies. Only after the purchaser complaints for another numerous times, they will make known to the management. Design Architect will take action prior to design deficiency and carry out remedial or upgrading works. Based on the survey, 92% stated that their Design Architect acts very fast with regards to the design deficiency issue and the researcher in the opinion that the Design Architect is very efficient in managing the design deficiency issue, which is channeled to them.

The delay in rectification work is also due to poor labor management by the Contractor. They should arrange their labor in such a way that more people to carry out remedial works, which is most critical and time consuming. In the event that more labors are needed to carry out the work, the Contractor must employ more labors in order to expedite the rectification work. Based on the interview with the property managers, there are also often cases where the purchasers have taken over the key and lodge defects complaint. They are only available in their unit at certain time, which usually on weekends. Thus, the Contractor has to suit their time to carry out rectification works in their unit. This sort of arrangements can be very massive. The researcher in the opinion that the purchasers also must give corporation to allow flexible time for Contractors to carry out remedial works, as they have many other units to be attended to as well. It is

best that the purchaser will only tenant their unit after all rectification works have been completed, so access to the unit will not be an issue. As purchasers for high-rise, the researcher in the opinion that most of purchasers have high expectation and less compromise especially with regards to defect works in their unit. They want rectification in their unit to be done in a fast manner without compromising the quality of workmanship.

### **SERVICES AND FACILITIES NOT READY WHEN PURCHASERS TOOK OVER THE VACANT POSSESSION.**

From the survey, it is found that the third most frequent complaint in highrise is on services and facilities, which are not ready when tenants took over the Vacant Possession from the developer. This is represented by Relative Index of 0.588. Faulty lifts, frequent tripping of electricity at common property, poor reception of TV antenna and poor security services are the examples of services and facilities which is not ready. Tenants are frustrated since they have to start paying the monthly maintenance charges once they took over the Vacant Possession from developer, but the services provided are not worth the fees.

### **DESIGN DEFICIENCY**

Design deficiency is also one the common complaint in property, which represented by Relative Index of 0.764 . The understanding of a good building design always relates to the shape of the building and its appearances. In many occasions, this perception has neglected the actual function of why the building was built in the first place. The inability of the building to serve its purpose has automatically ignored by the public because of the exotic and attractive design of the building without even considering for economic reasons, or for safety, usability and maintainability. The more unique a building is being designated, the more it would gain artistic value, thus appealing and very much appreciated.

However, the consideration of design impact onto building after completion is almost neglected. The difficulties in maintaining the building after completion also have almost never been taken into account, especially at the time the building proposed to be built. As a result, cost to maintain the building increases, its life cycle declines and more parts of the buildings easily deteriorated. A research by Arditi (1999) has shown that

design plays a major role in determining the condition of buildings after completion, especially in the aspects of defects and maintenance. Indirectly, design influences the performance and physical characteristics of the building and its durability to stand against environmental elements, noise and social interferences such as graffiti and vandalism. Therefore, the link between design and maintenance should not only be seen from the point of increasing number of repair works or cost involve, but it needs to consider also the impact of a design on structure and materials installed as well as the life cycle for each of the components or elements of the building. Based on the complaint statistic from House Buyers Association, shoddy workmanship and defects are one of the major complaints, which represent 7% of the total number of complaints received by House Buyers Association in year 2003 and 9% in year 2004. However, the frequency of types of defects with regards to poor quality and workmanship varies from one building to another. Some common examples of common shoddy workmanship found in property are wall tiles fall off, wall not straight and smooth, roof leakage, scratches at doors and windows, water seeps through the window, major cracks on walls and cement plastering that chipped off. Preparation of a development plan requires the planning authority to estimate, in consultation with interested parties, the housing potential of sites within urban areas (Goodchild, 1997). Planning authorities have to do this to estimate the balance between greenfield and urban sites.

Poor quality of workmanship can also caused by the use of inferior or poor building materials. The problems that may appear such as windows failing to perform and function adequately, rapid degradation of materials over time and due to climatic changes, short life spans, using rare materials that are difficult to substitute when the existing one damaged or lost due to wear and tear. The design configuration and workmanship may have been adequate if the proper materials had been used. Sometimes, the contractors or craft men stray from the properly specified materials through ignorance, but more often as an expedient to save time or money without realizing that an unsatisfactory result could ensue. Based on the survey, the result showed that the customer service provided by property management is quite good as 90% of the respondents strongly disagree that poor customer service is one of the major complaints in property.

## **CONCLUSION**

Based on the data collection, analysis and discussion in previous chapters, the results have been confirmed and met the objectives stated earlier. Finally, it is hoped that this study will be beneficial to all parties involved in property industry as well as academic research, students and other professionals in property industry. It is believed that this study has given insight of the overall problems faced by the property management in managing property in Libya. However, there are other areas that could be improved and studied in more details, which is as per stated below:

- Towards enhancing professionalism of Property Management in Libya
- High-rise: How to overcome poor collection of maintenance fee.
- Financial Planning for Property Managers in Libya.

We further recommend for the government to hire consultants with extensive knowledge and experience in property management from Libya or abroad to train, guide and establish a standard system for Libyan property managers.

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