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Measures to continue living in condominiums with peace of mind—A case study of condominiums in the Kansai area of Japan.

Michiko Hagiwara

Associate Prof., of Otemae College, Japan

hagiwara@otemae.ac.jp

Hiroko Ichimune

Prof., Dept. of Interior and Environmental Design, Osaka Shoin Women's University,
Japan

ichimune.hiroko@osaka-shoin.ac.jp

Michiyo Nakano

Prof. Emeritus, Gifu Women's University, Japan

mhnakano9211@ybb.ne.jp

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Abstract

Condominiums in Japan have been viewed as a temporary living style until moving into a single-family home. Since the end of the economic bubble period, however, condominiums have come to be regarded as housing units for the urban working class.

Japanese law stipulates that condominiums be managed by management associations organized by and composed of sectional owners. In this study, we conducted surveys and interviews of management association presidents to learn their guidelines on residential issues and improvement measures for Japan's middle-grade condominiums.

Through our surveys (59 cases of condominiums built over the past 30 years in the Kansai district; valid response rate, 41.3%), we have found that there was a wide disparity in the scale and competency of association activities. We have also learned that there are other issues such as segregation of duties, risk management, and community development. Surveys further indicated a broad range of management boards, committees and resident activities.

Interviews of management board presidents disclosed that important roles are played by specialists, supporting organizations, and interactions with residents of other condominiums in running management associations. There was a case in which asset values were increased through barrier-free renovations, one in which a local welfare hall was constructed on the premises with municipal government subsidies, and another in which residents' expertise was utilized for management purposes. We have also learned of cases in which professional assistance was budgeted as a means of incorporating "professional expertise and residents' perspective" in management and working closely with various resident groups. In order to improve the living environment, the awareness and participation of residents are essential, and this must be started by increasing their interaction opportunities through community activities.

1. Japan's condominium Situation

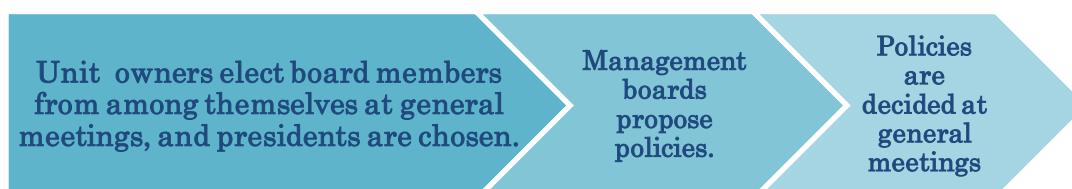
1) Condominium life is short, and market value decreases with each passing year.

The average actual age of replacement buildings for condominiums in Japan has been short¹⁾. In addition, the legal durable years for steel-reinforced concrete (SRC) and reinforced concrete (RC) houses built in 1998 or later are 47 years, so secondhand building prices drop from year to year.

2) Characteristics of condominium management system

(1) Management of condominiums is carried out basically by residents themselves.

Although condominium management guidelines are available, management success or failure largely depends on the competence of management associations.²⁾



(2) How management functions are actually implemented.

They are implemented in diverse ways: from association members assuming every management task, to completely entrusting management companies to perform such functions.

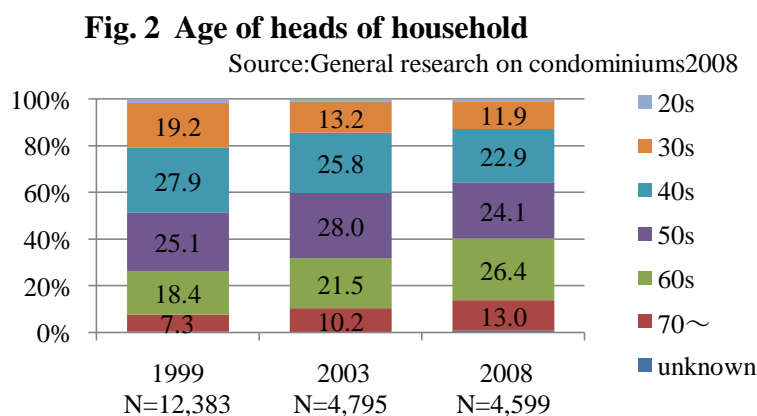
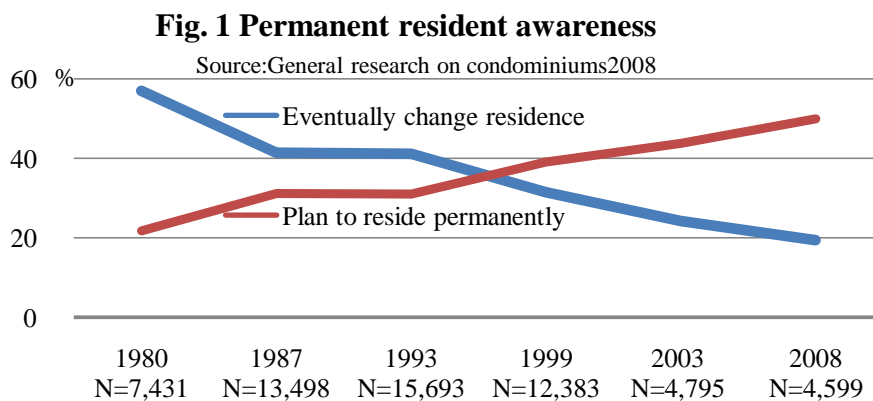
Management style	Decision Making	Actual execution of functions	General research on condominiums ³⁾
Self-management	General Meetings of Management association	Management association + (Building manager)	13.2%
Partially contracted out		Management association + Management company	15.1%
Contracted management		Management company	69.9%

2. Purpose

In order to maintain building quality and the property value of condominiums, the role of management associations is important and it is also necessary for residents to actively participate. In the present circumstances, however, there are certain problems, as follows:

First, about 40 years have passed since condominiums became a popular mode of living in Japan. Although residents have come to recognize the importance of condominium management, they are generally not very enthusiastic about increasing the property value of their condominiums because their management efforts are not reflected in the value of secondhand housing.

Secondly, until now condominiums have been regarded simply as a step toward securing single-family housing. However, more and more people are planning to reside in condominiums permanently, resulting in the aging of residents. The aging rate of residents in older condominiums is particularly high. It has become difficult to expedite the expected roles of association activities, such as bearing the cost burden of housing renovation and rehabilitation, running management associations, participating in local community activities, etc. The direction of future condominium management seems to be headed toward the necessity of positive management performance while lessening the burden of management activities on residents.⁵⁾



Thirdly, there are many condominiums with fewer than 50 housing units (38.9%, according to “Comprehensive Condominium Research 2008”), and the burden of running management associations has become heavy for residents in these small-scale condominiums.

For this reason, we have strived to explore schemes that can remedy the weakening of management associations while also reducing the burden on those who find it difficult to participate in association activities. Our research also included the means of maintaining, at a constant level, buildings and the management level of the residential environment. Since 2005, our efforts have been directed at considering the modality of future condominium management. We have compared the results of our studies with the management methods of a joint residential complex in Korea to determine how the lives and awareness of residents are affected by them.

In this paper, we report on the results of questionnaire surveys and case research interviews on the “actual conditions of condominium management associations.” While also taking into consideration the results of past research and studies, this paper will consolidate the future management issues for Japan’s condominiums.

3. Method

Management association presidents of condominiums located in Kyoto, Shiga, Osaka and Nara prefectures (constructed over the past 30 years) were surveyed on

- (1) how association boards were managed;
- (2) long-term management plans;
- (3) community activities of condominiums.

The questionnaire survey was conducted from November 2006 to January 2007, with a valid retrieval count of 59 (retrieval rate, 41.3%). In addition, interview surveys of presidents on association activities were carried out at five management associations between August and October, 2006.

4. Findings

1) Overview of management association presidents

The presidents’ ages ranged widely from 33 to 81, with only three women presidents. There was a trend of presidents being elected from among long-term residents. Presidents over the age of 70 have been living in condominiums for more than 25 years.



Fig. 3 Presidents’ ages of target condominium

2) Overview of target condominiums

Condominiums studied were located in Kyoto, Osaka, and Shiga prefectures, and many of those situated within Kyoto city were found to be relatively small in scale.

Number of housing units

The number of housing units ranged from 13 to 345 (average, 99.6), but most of the condominiums (54.2%) had fewer than 100 units.

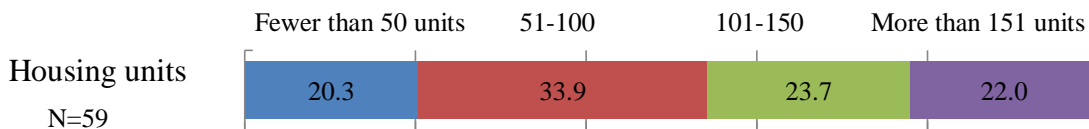


Fig. 4 Housing units of target condominiums

Facilities and equipment

More than 80% of the condominiums had a space for bicycles, a building manager's room and parking facilities. Larger-scale condominiums were equipped with an assembly room, a building manager's room, parking facilities, a play space, surveillance cameras, while new ones featured self-locking doors and parcel-delivery boxes. However, only 44% of them had parking facilities for more than half of the households, reflecting that a large number of condominiums are situated in inner-city areas.

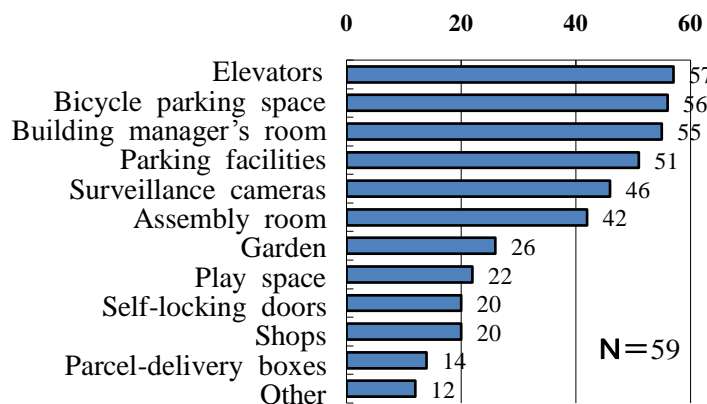


Fig. 5 Facilities maintained

Age of condominiums

As for the age of condominiums, the majority of them were less than 20 years old (55.9%) and the average was 19.4 years. The number of stories ranged from 2 to 28, and about one-half were 7 stories or fewer (average, 8.6 stories). Sixty percent of them were a single-wing type (average, 2.0 wings).

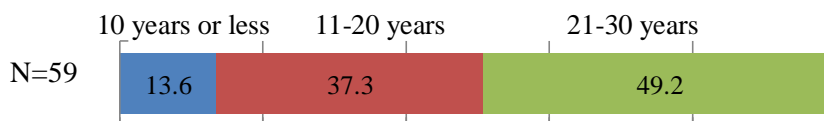


Fig. 6 Age of condominiums

3) Management conditions of target condominiums

Management patterns varied from associations carrying out all aspects of work, from office duties to management itself, to having management companies handle every

aspect. There were six self-managed types, three partially outsourced types, and 45 management contracted types.

Forty association presidents (67.8%) kept tabs on the overall age structure of condominium residents, while about one-third of them did not. The older the age of the condominiums, the higher is the age of the heads of household. (Fig. 7)

The ratio of residents living in the condominiums from the time they were first built was 25-49%. In comparison with the age of condominiums, there were relatively few households that moved out during the first ten years or so. From then on, there are differences depending on the condominium. (Fig. 8)

Furthermore, 30% of condominiums had no vacancies, but empty units tend to increase along with the age of condominiums. Condominiums with no rental units accounted for only 8.5%, while 40% of them had more than 20% of rental units. Rooms used as offices were found in about one-third of the condominiums.

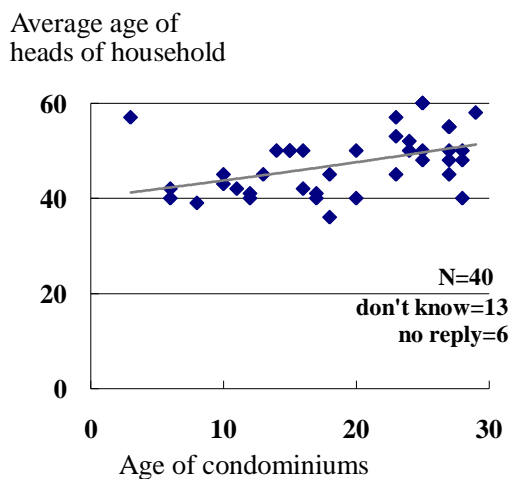


Fig. 7 Residents' average ages as viewed from the age of condominiums

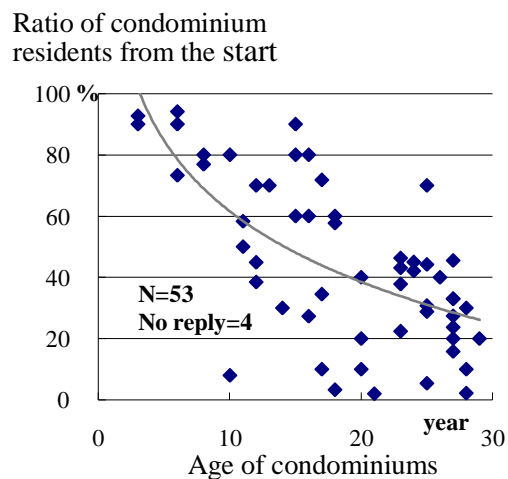


Fig. 8 Relationship between age of condominiums & ratio of residents from the start

4) Management association officers

Selection of management association officers by rotation was the most common method (56.8%). However, association presidents were elected by various means, which included their announcing themselves as candidates or receiving endorsements, by a drawing or a combination of these methods. The average number of board members was 8.4. More units resulted in more members. Over 60% of the association officers serve a two-plus year term, where one-half of the officers are elected on a rotation system. Continuous reappointment of presidents was restricted by 40% of the condominiums. Meanwhile, some condominiums have numerous types of board members and committees that reflect their wide-ranging activities. (Table 1)

Residents feel that board members must bear a heavy burden, particularly so in the later years of life. In order to overcome the shortage of residents willing to become officers, interview surveys discovered that the following steps or measures were taken:

- (1) Board member qualifications were expanded from sectional owners to their family members (spouses and relatives in the first degree).
- (2) Technical and ad hoc committees were organized to assign and share detailed and specific responsibilities, thereby lessening the burden on board members and to clarify areas of responsibility.
- (3) Making part of the board’s work (preparing and tallying questionnaires) as a fee-based service, and outsourcing accounting work to residents.
- (4) As a result of defective work being uncovered, expenses to receive professional support similar to a “personal physician” were budgeted by some of the condominiums. Even at condominiums managed under the leadership of residents highly interested in management, a large number of people were able to experience being officers under a rotation system that helped to develop collaborators with officers at the center.

Table 1 Breakdown of committees belonging to boards (Open response)

	No. of items	Committee names
Repair-related	16	Repairs, large-scale repairs, management repairs and utilities, equipment, parking facilities, upgrading parking facilities, bicycle parking space, entrance area
Livelihood-related	7	Safety and disaster prevention, environment, livelihood, pets, PR, residents’ association
Association management	11	Board members, officers Fund management, practical studies, information disclosure, legal affairs, dealing with NPO organizations

5) Operation and maintenance and long-term repair plans

Condominiums that have not implemented large-scale repairs based on long-term repair plans are limited to those that have been constructed over the past ten years, while more than 80% of them have had exterior coating and rooftop waterproofing work done. According to Comprehensive Condominium Research, condominiums compile long-term repair plans have increased to 89.0 % (Fig 10).

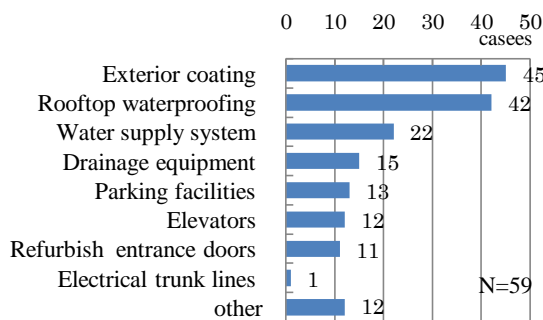


Fig. 9 Repair work done

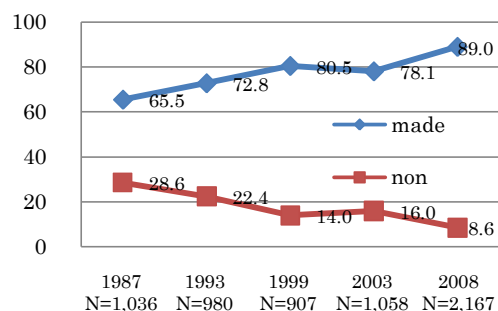


Fig.10 Longterm repair plan

Source: Comprehensive Condominium Research 2008

A large number of condominiums have begun to review the amount budgeted for repairs that had been decided at the time of purchase. (72.9%) An increasing number of condominiums built more than ten (10) years ago are reexamining the amount, with 55.9% of them having already revised it and 30.5% thinking that the amount should be raised soon. It is believed that once repairs are made, deficiencies are noticed and reexaminations come under review.

Presidents were then asked about their projection of the operating life of condominiums. About 40% of them felt that it was between 40 and less than 60 years. On the other hand, 25% gave no response, which seems to indicate that it was difficult for the presidents themselves to determine. There was a tendency among older condominiums to forecast a longer operating life. (Fig.11)

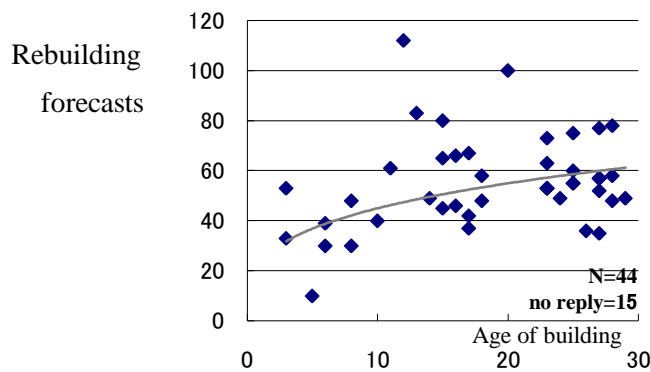


Fig. 11 Rebuilding forecasts as viewed from age of condominiums

Rising repair costs accompany the aging of buildings, and this is a burden for aging residents. As a countermeasure, a large number of condominiums have begun to appropriate automobile and bicycle parking and assembly room usage fees as repair reserve funds. This type of innovative scheme to effectively manage joint asset incomes as a means of reducing the burden on residents is important.

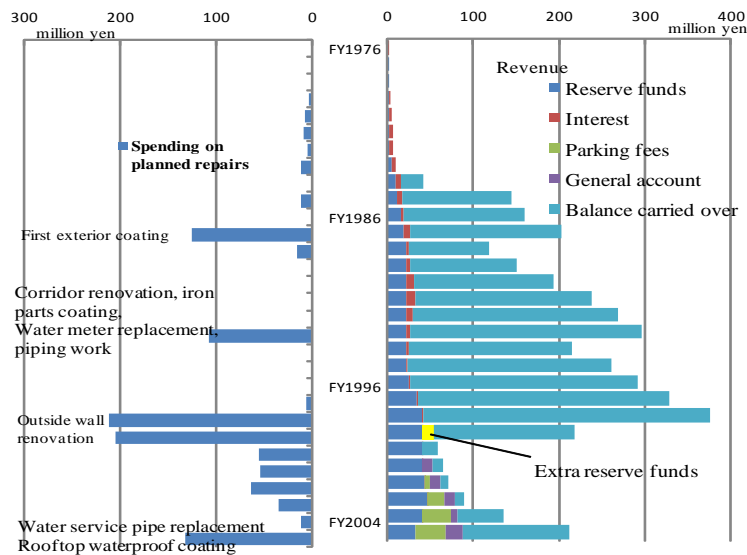


Fig. 12 Changes in planned repair expenditures and income sources (480-unit condominium)

One condominium adopted a policy of independently managing their condominium by doing all they can to cut down on costs. For example, they do routine repairs themselves using retired groups of residents. There are ten members that have expertise in areas such as electricity registered in the building repair group.

6) Residents and community activities

News articles are published by nearly half of the management associations studied as one of their community activities. Questionnaire surveys were also conducted as a means of gaining an understanding of residents' needs and opinions. (Fig. 13)

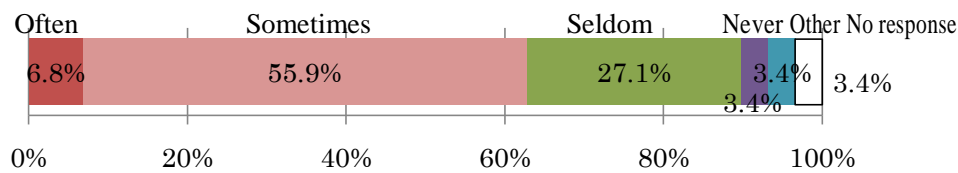


Fig. 13 Frequency of questionnaires

The content of the questionnaires is described in Table 2, and mainly consists of such everyday issues as noise prevention and pet issues, event information, long-term repair plan policies, and housekeeping including equipment maintenance.

Festivals, general cleanups and other activities were held at about 70% of the condominiums as interaction opportunities. (Fig. 14) In addition, there were 39 cases (66.1%) of interaction with local communities through neighborhood associations. (Table 3)

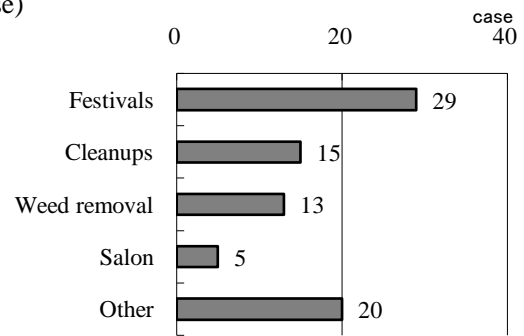
Children-related events have decreased with the aging of residents and in their place “get-together refreshments” were offered to the elderly at assembly rooms who tended to otherwise stay at home. These get-togethers were jointly held by residents’ associations and group activities leaders. Furthermore, activities designed to promote friendship, such as general cleanups and the replanting of flowers, were organized twice a month.

Table 2 Content of questionnaires for residents until now (Open response)

Main topics	N	Remarks
Long-term repair plans Building maintenance	16	Policies decided Color preferences of outside/inside walls, Surveys of aging sashes and balconies, Renovation of front entrance
Equipment	5	Introduction of cable TV, optical fiber, Internet broadcasts
Service charge, reserve repair funds	3	Parking fees
Management bylaws, associations	6	Managing, electing officers, management content
Daily life management	19	Events, crime prevention, noise, joint purchases Condominium life in general, pets, parking and bicycle parking space
Other	6	On tenancies, various

Table 3 Get-togethers and activities (Open response)

Children’s associations	32
Senior citizen’s associations	11
Women’s association	5
Neighborhood association activities (Senior citizens’ day, local <i>bon</i> festival, athletics day, hiking, etc.)	5
Residents’ association activities (Summer and cultural festivals, mochi-pounding day, drinking party, “job-well-done” party, bowling games, etc.)	6
General assembly, residents’ association	3
Fire drills, general cleanups, straighten up bicycles, disaster prevention	4

**Fig. 12 Condominium interaction opportunities 40 cases**

7) Risk management

During emergencies, the most common ways of getting in touch with others are contacting them on the phone or by e-mail and visiting them, which accounted for about half. (Table 4) Twenty percent of condominiums prepared a contact list and it was kept by boards or presidents. There were two cases in which contact lists were placed in the care of management and security companies and building managers’ offices, but no measures were taken. There were nine no-responses and it can be inferred that there are a certain number of condominiums with no risk management measures. Risk management has become a serious issue with the increase of aged, single-person households. One condominium compiled a ledger of emergency contact numbers of its residents, including a listing of about 60% of single-person households and households with a single person during the daytime. The Private Information Protection Law will probably make it difficult to secure this type of information in the future, and how risk management should be promoted is one of the tasks that will need to be resolved in the coming years.

About three-fourths of condominiums encountered problems or difficulties and many of them were as diverse as pet, automobile, bicycle parking space, and noise issues. (Table 5) There was a condominium that elected as an association officer a person from a pet club to solve its pet problems.

Table 4 Emergency contact numbers (Open response) N=50

Emergency contact list (kept by a board member)	13
Kept tabs on by building managers and contracted with security contractors	12
Contact network (visits, cell and regular phones)	16
Presidents, board officers, neighborhood association presidents	5
Installing emergency alarms, 24-hour management office, emergency broadcasts	2
Other	4
Nothing in particular	2

Table 5 Past condominium issues (Open response) N=51

Pet ownership	15
Parking issues, unauthorized and illegal parking, Restructuring parking facilities, bicycle parking space	12
Nearby noise	10
Manners, livelihood rules, trash rules, drying clothes, balcony storage, drying futons	8
Structural frame defect issues, leaking roof, water leakage, earthquake-resistant issues, aging structure , Common yard, repainting outside walls	7
Management costs in arrears	4
Parking vandalism, young people's loitering and smoking	3
Total revision of bylaws	2
Purchase of nearby land, construction problems with nearby condominiums	2
Other	7
Nothing in particular	14

5. Summary

The ratio of residents considered in terms of years since the condominiums were first built varies. From around the time of ten years, condominiums are divided into two groups where the turnover of residents advances rapidly in one and not in the other. In the context of this situation, the following points can be regarded as future issues to be resolved.

(1) The older the condominiums get, the higher the cost burden for large-scale repairs becomes. How can expenses be managed to accommodate this mounting cost burden for older condominiums? Compounded also by the increasingly difficult issue of aging among residents, management associations will be expected to play a major role in addressing this issue. Association presidents' responsibilities and burdens are expected to become that much heavier. In actuality, however, they tend to become older as condominiums get older. The question is how to proceed with the generational change of officers.

In order to attract the young adult segment, one condominium took the initiative of improving the external appearance with young people in mind and had equipment for satellite broadcasts, cable TV and optical fiber installed. In another case, slopes and hand rails were added as part of creating a barrier-free environment. There was also a case in which the construction of an assembly hall was planned but was found to have a lack of building space and funds. Instead of resolving these issues by themselves, it was decided to seek outside help by applying for a subsidy from the city (one-third of the construction costs) on the condition that the completed facility could also be utilized by the local community as a welfare hall.

(2) In terms of crisis management, there are a large number of management associations

whose presidents did not possess such basic information as residents' age composition or family makeup. The law protecting personal information is expected to make it difficult to acquire such information in the future, and the issue is how to promote risk management under such conditions.

Through our studies and research, we can point out the following problems in condominium management.

1) Disparity between condominium scale and association activity potential

In order to maintain the quality of management, the presence of professionals in management organizations is a must. The scale and patterns of condominiums in Japan are diverse and the differences in management content are also great. Particularly among highly aged and small-scale condominiums where the weakening of management associations is feared, consignment of management activities to professionals and management companies incurs a heavy financial burden, and it is not very profitable for such companies. It is necessary to formulate countermeasures for condominiums with no economy of scale to which even management companies are not attracted. For example, one possible approach might be for condominiums to group themselves regionally. It may be necessary to define the minimum management requirements and develop measures that could be positively implemented while reducing individual financial burden.

2) Requirements for management companies and professionals

Most of Japan's leading management companies accept and carry out maintenance work orders. Making fair and appropriate judgments on work plans and cost estimates requires sophisticated expertise. To protect the interests of residents, the implementation of a fair inspection system is vital. NPOs and condominium consultants are third party experts who place a priority on the interests of residents, but they have no authority. Although not required under the management consultant system, hands-on experience is necessary. Training well-qualified professionals is a must for enhancing management effectiveness.

3) Reducing the burden on residents

Management association activities in Japan are given autonomy. As such, there are management differences depending on the qualifications of association members (the wealth of professional knowledge, the presence of experienced people, the motivation or interest in environmental improvement). It is necessary to raise the management standards and formulate and realize a quality stock framework. It is also necessary to establish a management system that can reduce the burden on residents, allow professionals to have responsibilities, and maintain management quality at a constant level.

4) Sharing and passing on management association activities know-how

This research found that there were a large number of condominiums that implemented appropriate management and maintained an excellent living environment by promoting the mutual interaction of residents, and this was highly appraised by the residents themselves. We believe that excellent management enhances the asset values of condominiums, as well as fosters a social environment that raises awareness of management and passes it on to the next generation.

The current problems and conditions of condominium management have been analyzed and reported in the preceding pages. However, as a means of taking countermeasures against these issues in the future and upgrading the quality of maintenance, we believe that establishing some sort of incentives for management associations would be effective.

First, we suggest that condominium management associations be required to report the implementation status of large-scale repairs to local governments within a certain period of time (approximately 15 years). Second, have the central government establish two stages of maintenance guidelines in advance: (a) “minimum” standards that must be strictly observed and (b) “recommended” standards. Management associations that meet the recommended standards would then be given preferential treatment such as tax reductions.

However, those that fail to meet the minimum standards would have penalties imposed upon them to ensure that a certain level of maintenance standards would be enforced at all times. However, it might be necessary to provide concrete support measures, such as dispatching experts and professionals, for small and weak management associations that are unable to achieve the mandatory standards on their own.

Acknowledgment

In implementing our research and studies, we received full cooperation from the NPO-Kansai Council of Condominium Management Associations and NPO-Kyoto and Shiga Council of Condominium Management Measures. We are also grateful to various association presidents who took the time to answer our questions. We extend our deepest appreciation to all organizations and individuals that helped us. Thank you very much.

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