

# REPORT OF FUTURE OF CONDOMINIUM LIVING IN SRI LANKA

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## Event Sponsors



Organized by



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# FUTURE OF CONDO LIVING IN SRI LANKA

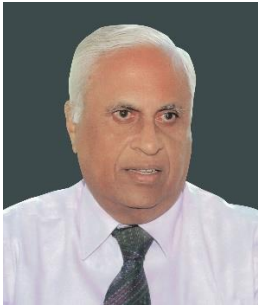
## REPORT OF CCI SEMINAR

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## 1. WELCOME ADDRESS

**Eng. Col. Nissanka Wijeratne** Secretary General, Chamber of Construction Industry Sri Lanka



Welcoming the participants to the seminar on the theme “ Future of Condominium Living in Sri Lanka”, Eng. Nissanka N. Wijeratne recalled that some may remember or may have even attended a similar seminar a few months back on Fire Risks in High Rise Buildings, which was equally well attended.

The purpose, why CCI planned this seminar on similar lines is to accommodate the requests made by many interested parties that the focus be on the current trend of condominium living. So, this forum which is market driven fulfills a market requirement, he deliberated, to bring forth correct knowhow on condominium living and the line-up of several eminent resource persons would enlighten the audience on many interesting aspects of condo development as the proceedings rolled on.

The selection of this theme had been spot-on, generating a huge interest to a point that CCI was compelled to close issuing tickets a day prior to the event, he said but his concern had been on comfortably accommodating a full-house audience. Finally, Eng. Wijeratne thanked the attendees for their encouraging response and the sponsors for their support in making it happen.

## 2. OPENING REMARKS

**Eng. Major Ranjith Gunatilleke** President, Chamber of Construction Industry Sri Lanka



Warmly welcoming all participants to an interesting evening of proceedings, the President of CCI elaborated that this is an important seminar and the theme being a hot subject today, to let people learn what’s happening with the skyscrapers or the horizontally developed condominiums in Sri Lanka, (which

are regrettably held up a bit at this moment but would pick up very soon) and impart related information.

He outlined that this Chamber, which is a self-financed organization like all other chambers, operates as mediating with the Government on issues concerning the industry the apex representative body of construction sector. As part of its activities it organizes exhibitions, publishes a monthly bulletin in both Sinhalese and English and an annual Construction Directory besides holding Seminars of this stature.

Various suggestions have been made by members, council members and others interested in Chamber activity, to take up certain subject matters at the oncoming seminars and he informed that the Chamber studies these ideas at Board level and decides on the theme they should address next. It had been a unanimous decision, he said, to have this seminar on the Future of Condominium Living in Sri Lanka.

He mentioned that the next seminar which is due in November would be on 'What's Next in Construction' and the one after that would be on Statutory Approvals and How to Handle Government Permits and Clearances when you are involved in construction, probably scheduled for March 2020. He added that the Chamber will certainly keep the members and those interested, informed on the future happenings of the Chamber.

This seminar of approximately 4 hours duration from 2pm to 6pm has been strategically planned, he explained, to cover condominium development from planning level through to getting approvals, touching on the architectural aspects to the mechanical, electrical and technological facets and how one should meticulously handle all these significant activities to achieve the successful development of a condominium.

Most importantly, once a condominium has been purchased, the owner's due entitlements within the law or how to attend to issues that come up after purchase, (as issues do come up) and guidelines to handle them would undoubtedly enlighten the participants, he revealed, as such information imparted to them at this session would be of immense value.

The Q & A session, lined up lastly in the agenda, is intended to offer the opportunity to those present, to obtain one to one clarification to clear their personal doubts, as the very purpose of this seminar is to impart and share critical knowledge as planners and receivers of end condominium products, Eng. Maj. Gunatilleke reiterated in conclusion.

### 3. FUTURE OF CONDOMINIUM DEVELOPMENTS IN SRI LANKA

**Mr. Nayana Mavilmada** Sector Head, John Keells Properties



Driving straight in to the crux of the matter, Nayana Mavilmada nailed in what we should do, and is important to do at this stage in the context of building homes for people. It is relevant to peel the onion a little bit and look beneath the surface of the condominium sector in Sri Lanka and understand the forces that are driving it, he emphasized, and how vital the shift is. In his opinion condominium living is basically inevitable.

Stepping into the background he shared some thoughts as to why the development sector is going to continue in a certain way. What he called the 'big point' in his entire presentation was, that the promoting condominium development or multi-family housing is the only sustainable way forward for the expansion of housing in Sri Lanka and that the change is really inevitable. What is required though is a very clear sharp policy focus in enabling the industry he reiterated, so that we can cater to a much broader segment of young people of the nation and particularly the middle class in Sri Lanka.

It is no secret most Sri Lankans live in a single family detached house - actually over 90% of us do - according to the Census and Statistics Bureau, which is quite unusual. Sri Lankans love their 6, 10 and 15 perch block of land across the country, he said, adding that advertising shows this trend. The underlying predominant thinking magnifies what it means to 'own a house or have your own place,' said he and was quick to showcase facts and figures to prove his point.

But unfortunately if you take a step back and look, at the scenario, it's certainly not a sustainable way forward. Whichever way you take a photo you will see a carpet of very thin low density development spreading as far as your eye could see and taking with it all kinds of environmental and infrastructure issues that gets bigger and bigger and even bigger, he lamented.

The population of the Western province is growing fairly rapidly but interestingly the statistics of the population of Kalutara and Gampaha is actually growing faster than Colombo. Data between the last two census periods show the difference of population and where they are moving - it's towards the suburbs and it's a shift happening out of Colombo' - which is deeply troubling. The pattern of development over the last 30 years is unmistakable. This was his concern. We are sprawling like crazy in to the suburbs in the Western Province and that is the root cause of many of the urbaneness that we complain about

today and the statistics are clear that only 1.5 % of buildings outside of Colombo are more than four stories. And even in Colombo its only 9%. It's very dismal when you look at it and the patterns are a bit alarming, he warns.

One of the key things we all like to complain about is traffic, but If you look at this problem what you have is people moving further and further away but still their schools and jobs that they have to get to remains in the centre of the city! So we buy more and more cars, believe it or not, and on account of that we are going slower and slower every year, he argued logically. Right now the average speed is about 6km per hour in Colombo. We have to travel for 2 to 3 hours to get to work in Colombo. We are spending 2 hours in the morning and 2 hours in the evening in the rush hour sitting in our car and we leave home at 6.00 am and we finish work at 6.00 pm. Up to now we spend about 3 ½ years in our car! When Mr. Mavilamada brings up an argument, he works his math to a point that we are compelled to agree to the bitter truth and most often he is right. Try looking at life through this glaring perspective:

By the time you retire by 60 you have spent over 7 ½ years in your car! So what it really means to our society to get back 6 to 7 years of an individual's life? How much productivity will we get if we evolve as a city getting all these years of time back to good use? Car is not really the problem, but the pattern of development and the pattern of housing. When we compare with India, Singapore, Malaysia, even Indonesia, we are eons behind as a region and capital city. He was spot-on with his eloquent sense of logic.

Every other capital city and region has at least 50% multi-family housing, in actuality about 60 – 70% to be exact. We in Colombo are just scratching the surface. In the larger scheme of things, saying we cannot have 5000 multi-family houses here is all gibberish and not fundamentally grounded. How can we deal with this alarming trend of this exodus of people out of the city in huge numbers is the question we face, he vehemently pointed out. The key thing is that Colombo land prices are escalating. Today somewhere around Union Place a perch is easily upwards of LKR 15Million! In keeping with the demand suburban land prices too are going higher and higher. It's not possible to purchase a 6 perch block of land for housing in Colombo city due to the heavy expenditure, the entire development pattern is changing and the families are moving further and further away from the city, he lined up facts effectively, in an easy-to-digest simple phrases.

The next big key issue is the cost of construction in Sri Lanka, and he pointed out that no one knows it better than the Chamber of Construction and its members. In the modern Housing Construction Cost Index compiled by the Central Bank it is evident that the housing construction costs have basically doubled in the last decade. It is not surprising that the people are having a hard time particularly the middle class who are selling off their Colombo inheritances and moving out so that they can buy a house and a car. But the traffic congestion has become a huge issue, he showcasing the cycle of events that contributed to the common plight.

It's not only these two key factors - not simply cost – but it's financing that raises an issue. Our mortgage financing space in Sri Lanka is really unreachable to many and we are way behind and it has become an extreme constraint. I can only joke that the bank won't actually give you the money on a mortgage unless you can prove you really don't need the money! We have under 10% (7- 8%) GDP in housing mortgages. Again if we look at the comparison across the region its dismal, he affirmed.

So in Sri Lanka we really have a poorly-developed mortgage financing market and all you developers out here believe people have 20 to 15Million stuffed away under their mattress. It is really ironic that a graduate can go out and get a good car on long term financing but they cannot get a loan for a house, he emphasized addressing a long-ailing financial inadequacy of the lending sector.

So what a new graduate does is to first get a job and then invest in an expensive phone and then buy a car. And somewhere down the line they get a house. This pattern needs to be reversed and the industry needs to see that people can actually enter in to investing first in a house which is a transformative investment for people's life and the economy at large. That to me is the biggest challenge for this development sector. So at a fundamental level when you look at the dynamics of a city, change is really inevitable and it's just a matter of time, where a combination of factors that lead to a point to an inevitable rise in condominium living and that's unstoppable but it takes time and what matters is how long it will take.

We spoke about the high cost of land and the non-availability of desirable land. There's a whole bunch more chores needing processes that are extremely cumbersome and nobody really has the time to deal with it. Especially dealing with middle income families. Particularly unavailability of land is getting more problematic and so is the infrastructure issue. The garbage for instance is problematic and the government is struggling to keep pace with all this as it's difficult to make it economically viable when it's spread across the population everywhere. That's why it's difficult to do. That's what is happening in Sri Lanka.

The cost and hassle of maintenance is significant, and is difficult for people to manage in today's busy world. There is a complete shift of lifestyles where the younger generation probably spend less time at home and more time at work or education, more time for entertaining and hanging out. The families are smaller than they used to be and there are unit families than extended families, their lifestyles and the culture of the place is changing and security rate has become a growing concern. You somewhat feel secure when you put four walls around a 6 to 10 perch land. But the reality is that the kids have no place to play cricket anymore.

It's so land intensive and fortifications going on it rationally sorts out most of these issues in a developed condominium style housing complex. So you underpin these social forces, the economic forces which are powerful. It is a constraint. It's very clear that the middle class is completely priced out of the city. So we bunch out the developments in the city and the pattern is super clear. In the heart of the city you get the high end super luxury developments, priced at easily 35 to 45 million and above.

The condo developments around the southern and eastern outer skirts of the central metropolis, are middle income projects but are easily 1 hour away or beyond. You get them 60 minutes away from the city centre. It's not a matter of kilo metres but a distance in time because the time you lose is phenomenal he insists. Then we have the public housing done by the government. It is very clear that we have been unable to have an integrated set of housing development and the forces pushing people out in to the suburbs, is very strong he notes,.

It is really bad that there has been several underlying forces that have deterred us being unable to pitch the housing product at the price point people really need. He asked, why is it? There are a two key reasons here, he opened an explanation. One is our construction cost which is too high – a good 20% to 30% higher than the region. These have plus or minuses from one source or the other – We are much more expensive than Malaysia and Indonesia. There are multiple reasons for that. Our building material are heavily taxed and there's a discussion ongoing at the moment, and at least more than 25% to 30% of our building materials are imported. Then wage rates are ridiculously high compared to India and in addition the productivity is also low which is a major constraint, he confirmed.

But you developers know more about constraints than me, he points a finger but quickly established that, it's clear from the developer perspective that all costs are high that prohibits developer from combining high land costs and going in to lower income or middle income developments. The other big thing is that the regulations have pushed the developers in to high costs of development he asserted.

The approval processes Eng. Major Ranjith Gunatilleke spoke about earlier are really cumbersome taking at least a year from concept to getting a building approval to go ahead and, this is after you have incurred land costs and other financial investments towards a project he pointed out. To focus on the low margin of the business segment or whether you do a high end product for a higher margin is a thing to consider. So it is natural for the developers to go for high end products. Besides ours is a severely constrained market with inadequate housing finance. I think that is a huge factor that needs a lot of attention in Sri Lanka and the regulations are sometimes contradictory to even fundamental practicality and policy.

I would like to highlight one of them, it's about parking. We did a survey around Colombo to find out how parking garages are being used. The data is crystal clear that in the day time these parking garages are empty and totally under-utilized. But of course, in the suburbs they are utilized. Why is this even important, he queried. It is important because being a 700 -800 sq ft apartment you have to give 128 sq.



ft. for parking. You even have to pass that on to a customer who really doesn't need it. If the government is serious about public transport systems, it seems it does, there is no other alternative solution really. By encouraging the parties and mandating the developers to provide parking not really true to the economics of these projects actually forces them to go upmarket, he explained the pros and cons of the matter.

His recent feasibility study on office development points out that with the new regulations that are out requiring one parking slot to a 100sq metres of office space, which really means is that 12% of your building is parking! It doesn't make any economic sense. So there are contradictions in regulations that fight back that prevents the industry from developing the way it needs to do. This requires some very serious attention in my view he clarified, to really get this industry focused and enabled to deliver to the people that actually need housing and to do that close to the city not off and well beyond Homagama for example.

He spoke of needing 3 big elements. We need a fundamentally different approach, in urban development. I think we need to take the shift to the mass transit and densification alongside the transit absolutely seriously. This needs to happen at the top all the way to the bottom, permeating thinking from top to bottom. I think we need to consciously stimulate the private sector to fill this gap for the middle income housing. It's absolutely vital for our country. That is not happening now.

I think we need to look at the regulations and make them transparent, simple and cohesive so that you can stimulate the kind of development you want and encourage the private sector and all developers to move in this direction to where you want development to really happen. Mr. Mavilmada's concept and strategy are clear-cut and simple to comprehend and to execute it requires vision, commitment and stamina.

I think the 2<sup>nd</sup> big area is reducing the cost of construction. I think a lot of work is required here. There are lots of discussions on the taxes which are now extremely high. I think we need to start looking at taxes on materials and other inputs, if we are targeting for lower prices on condominiums, he urged. They must be encouraged to do so because it provides a social transformation and the government should take seriously the release of lands in the middle of the city and not in the middle of nowhere, specifically for middle income housing, and do that in a rational measured way and not 20 million bucks a perch making it economically unviable again, and needs to be conscious of the economics of the industry of the developer being able to keep stay put and encourage competition at all levels, he expressed practical ways to go forward, insisting that's the only way forward among developers, among construction firms.

We have to encourage new entry of technology and different methods to bring building construction costs down. It's absolutely important that we bring this at least in line with the region, he spoke sense,

addressing the building community and urged policy makers to comply and create legal framework conducive to embrace inevitable change and move forward progressively, he urged.

And finally, it's very important he pressed, that we stimulate the housing finance market. We really need to see a change here. A sharper focus, in enabling a wider segment of the population to access housing finance. To access housing mortgages. For example packages for some of our projects specifically targeting very low initial down payments as low as 5% to 30%. I think the government should do a lot more to encourage those who will bring down the interest costs at least for first time home buyers, he urged optimistically. Provide these tax breaks, made available some time ago, making a concerted effort to do, enabling people to access the finance they need to buy the housing, they actually need to get. In conclusion, if you didn't get it by now, enabling access to high quality urban housing can have transformative impact on the country and on all its people and on the economy at large, and at a social as well as economical level. He stressed on its absolute necessity.

So policy focus I believe regardless of what government comes to power, he viewed, should be placed on stimulating development of multi-family housing, condominium housing, high density housing because that's the only thing we can afford to do because we have already sprawled and destroyed our kind of western province space too much at the moment. He emphasized that making sure that this is built developed and sold at price points that are accessible to a much broader sphere of the population is crucial at this stage.

The private sector is clearly in the best position to deliver this simply because mass housing and 'one size fits all' will never work for the middle class. He accentuated that you have to give people the freedom of choice and that you have to let markets operate. The private sector is absolutely in the best position to deliver it and can deliver if it has an environment that is stable and progressive and it's very clear, if it has a policy environment that encourages and stimulates this at the regulation writing centers. The government should resist the temptation to be the builder but instead be the enabler of this kind of massive transformation that can happen even within touching distance and to do that from the private sector, he concluded in an emphatic note.

## 4. NEW TRENDS IN CONDOMINIUM DEVELOPMENTS

Arch. Philip Weeraratne, PWA Architects



Arch. Weeraratne opened his address thanking the Chamber for the opportunity to speak to the building community and audience on new trends in condo developments. Sometimes the construction industry and the architects do not clearly see eye to eye except at occasions like this, he observed, but insisted to his draw was the passionate topic. But on the subject of Sri Lanka in today's context, he revealed why quite a few professionals have chosen to stay back in this country was because they love this land. The future of Sri Lanka's progress, as he can clearly see, the path lies in the condominium sector. The development of the City and the wellbeing of the residence hinges very strongly in this condo sector. Therefore he is particularly passionate about it he said. He admits that the downturn in the condo market is probably a creation of their own, as at times they probably depend too much on politicians and policy makers in a way.

It would be interesting to find out why we went in to condominiums in the first place as housing and he stressed the importance of community living with a sense of togetherness and an identity. Communities contribute much to the wellbeing of an individual says he reminiscing how he grew up in such a background. It would be interesting to track down how traditional housing evolved in Sri Lanka, going in the condominium drive. Was that the core essence of why housing was needed has been lost in the process of design and development? He thinks that was the basis of creating a human settlement.

Moving forward, other than that, the first time we saw projects like the Bambalapitiya flats were when we saw state intervention in housing during the Premadasa era, when Prime Minister Ranasinghe Premadasa and later President Premadasa played a key role in government intervention in housing. He affirmed, with Gam Udawa settlements that came about where personalized individual housing schemes or mass housing projects were given professional attention for the first time in Sri Lanka.

Moving from there one of the key factors we have noticed in the last 20 to 25 years was the fragmentation of land to 10, 15 to 20 perches. Larger houses started coming in as a result and the land is under pressure from developers and land now became fragmented he laments. Two detrimental factors he sees here is that the quality of living in the overall neighbourhood where there were larger green spaces were fragmented to smaller spaces which kind of wiped out the greener environment.

The other point is that we are fast losing the sense of neighbourhood. Moving on from there he cites personal encounters as an architectural consultant. The typical challenge that he had there, was that one of his clients owned quite a large plot of land – a manor house. The owners wanted to split it into 4

portions of 15 perches each with a road in the centre. He said he managed to convince them not to fragment it but preserve it and showed them the attractiveness of the property and preserving the commercial value of later selling this for a condominium project.

Another manor house, property is now developed in to a commercial venture. This is the evolution of one of the courtyard houses in Colombo where the elite family decided to move in to a smaller residence and we created this courtyard house, he elaborated. We have now started converting some urban housing. They have gardens hidden at the back with very bland facades that has started coming up now and streetscapes dotted with tiny little parcels of 10 to 15 and 20 perch lands. This sort of characterless streets with heavily built up street facades along the streets are an eyesore.

This again is a typical house where we managed to convince the owners of a dilapidated manor house to instead of fragmenting the land in to 3 blocks to keep most of the garden around and build a low-rise condominium for the family which we thought it was a far more effective solution thereby giving them the necessary living green space around and creating 3, 4, 5 or 6 smaller condo family units now becoming more popular on the frills of the city.

According to JKH information it was interesting to see Colombo as against some of the other cities in the region, that people in Sri Lanka only a 10%, prefer to live in a condo but there is a greater trend that people find the challenge of commuting. Especially in Singapore 95% live in condos. Then you have Thailand and Malaysia and other regional countries and it's interesting to see that Sri Lanka he said in comparison, has a trend to still have their preference tied to single owner houses.

That made me study some of the low rise apartment projects that we began since the early stages of 60s and 70s which were the Torrington flats, Manning flats and of course the Summit flats which was to me one of the most interesting solutions of a low rise apartment project where the late Archt. Turner Wickremesinghe created sky bridges creating a sense of community within the apartment towers and that in comparison to the other condo projects we see now though battered and tainted those were the very early models of apartments community resident units created for community living he observed.

We used to wonder how can people especially children live in Bambalapitiya flats but he had ended up living in Monarch. This kind of Bambalapitiya flats and Torrington flats apartment offered much greater greener space around the medium rise projects. He reminisced growing up in this neighbourhood and the sense of community these projects offer. Without losing the psychological and social aspects of the sense of belonging in these well planned and developed medium rise developments. Lot of expansive public spaces and lots of green spaces and breathing spaces in between these block of apartments provided the security and community living that people yearn for.

He is convinced that there is ability to do that now but the challenges of construction costs, land costs, now make the land parcels even smaller and smaller. We don't have that kind of luxury anymore he lamented. There is always the other side of the coin. The low income housing projects that have been completed in the recent years, were initiated by the government. When you study it shows that interestingly more than 50% of our population live in a bad state of housing in the city. The only occupie



10% in the land mass as Mr. Nayana Mavilmada noted that it's interesting to study where the rest of the land is locked in and how to free up this land and recreate a new urban plan for Colombo, where we can release some of these lands to create better planned neighborhoods, better laid out communities so that we can make it more attractive to those seeking single owner plots and houses to move back in to.

He attempts at separating the myth from the truth about the lower income housing people who have moved in to apartments, where their biggest grouse is that these people have lost their sense of community and their sense of identity. Most complained that they were like 'locked in a prison' crippling their ability to go round and get about. Their previous housing was not limited to 4 para metres of walls but their house became the whole neighbourhood.

In the study and interaction it was learned that there are 3 key issues that affected, maybe the psychological barriers of this social class. So they were asked how they would appreciate it if they were moved to Thalawathugoda or battaramulla or further beyond and rather not stay in Colombo. What if even two houses were opened up and combined to afford larger space and have them located closer to the city?

Other than the issue of affordability of a house (some actually said that they could afford) he said that he wouldn't know how to challenge this situation as an architect. He believes that clients want that sense of ownership to a block of land. They want to feel they are part of a community, an address and a neighbourhood. Now how do we translate that in to an apartment or condo project, is the major question that needs a quick answer.

They found that this socio cultural identity mainly in the middle income groups wanted to feel a part of a neighbourhood, a part of a way of life. Their houses reflected their sense of being personal. Their identity was lost when they became occupants in a 300 to 400 unit condo development. How one holds a function in a common space was their next issue. The issue was just how they could have a dinner a party they want, in one common space that's now going to be used by 300 or 400 other resident households. The fact that they have to become part of a common place was the challenge, we found with individual house owners now opting to go for an apartment. These were the psychological thinking they had and had to be dealt with sensitivity.

The other fact was their level of education and income. The younger generation's vision and progress and their sense of awareness being open to the rest of the world to what's happening around them is an apt and progressive approach. They are downsizing their lifestyle, minimalizing their lifestyles and they are bringing in their technology and gadgets, and are more willing and savvy and open to apartment concept. This is the other side of the coin.

If we walk around and gather info around Colombo you will find it an architectural battleground or playground rather with both International and local architects now vying for their space in this very interesting urban landscape.

There is the Altair project and the Port City projects. He wouldn't put the TATA property in the same bracket but he admitted the ITC and several other new projects that are coming up as good work prospects. There is another side to this coin. As research shows you this is really catering to a very niche segment. We are called in to a lot of these projects by individual apartment holders, to remodel or redecorate or refurnish. They belong to a specific income category a very small proportion of the overall population of Colombo leave alone Sri Lanka, he acknowledged.

In the last several years most buyers put their money on investment properties. They invest, hold on to it till they disperse of it to make some money and then exit. That model can survive only for so long and is not a lasting trend. We are probably at the crossroads of deciding how we move forward from such things, he stated adding that it's about time we make condo living attractive to Sri Lankans. The fact that the luxury properties are aimed at and are principally created for a niche segment as investment property only for a higher income segment and expats. But the expats are now not willing to take properties in Srilanka. The expats were even issued Visas but expat jobs available here are limited. So the reality is that expat rental market has become very thin.

The time has come, to develop and make the condo model attractive to Sri Lankan user. This study too was done again by JKH some time ago and it showed 78% expat occupancy and 22% local occupancy which was the reality then. But in recent projects like On320 it was proven that it has a greater chance for local occupancy than foreign which is a very encouraging factor. That project has a certain positives going for it in the way it is laid out and the common space and the podium it lends itself to, which was an obvious draw for Sri Lankan taste and preference he confirmed.

Here is an interesting study on the price points of some of these luxury apartment projects ranging from 100million to 250million upwards. The midmarket apartments are going at 30 to 80 million. If you look at the gross national income in 2017 being Rs. 50,000/- just how do we come up with a model that will really encourage the medium income households to afford and invest in such a property?

He elaborated on the luxury projects that are available in the market today – The Altair project, ITC and Sapphire Residencies. This project Sapphire Residencies at Union Place on the advice by his company to the developer will not try to depend on the expatriate rental market but to see how it can be wrapped round Sri Lankan market needs. He admits that price point became an important criteria here. His company will develop and design it. A joint research is being carried out by his company and the developer to find out what the middle income families in Sri Lanka - the young executive couples - are looking for in a condo apartment.

What we really found was interesting as they were not really looking at very large apartments contrary to our thinking, there were a few key factors that they were looking at, he disclosed, but the big demand revolved round common space, rather than space within the apartment. The prospects have said they will not feel claustrophobic over heights but that they would not feel in the face of others in a large common space. They were not looking at large apartments; rather they would lock themselves up in a smaller apartment, no issue there, but outdoor space was the most important criteria for them. Having

grown up in a tropical environment like Sri Lanka they were yearning for much of outdoor and interactive space they could have, so they could feel that their privacy was not challenged or their personal boundaries were not crossed.

One more thing he had found out was that starting off from the entrance they wanted to have this sense of entry and identity. So he convinced the developer to have huge common lobby spaces almost 50% on the ground floor dedicated to expansive lobbies and meeting spaces for the residents. In a traditional home you had a kind of verandah and lobby for visitor's room where you don't need to bring them right in to your inner house spaces.

So this very expansive lobby is to be created to feed their need as one client put it aptly, 'to convey a grand feeling of walking in to a hotel' a yearning which would be incorporated in to that very unique Sri Lankan concept. It was what the upper middle class was looking for, to reflect a sense of grandeur and identity. They didn't want their visitors to feel they were entering in to a car park. Those interesting observations and yearnings can be worked around he agreed. Having water bodies around over a fair bit of ground floor main lobby space, would create that unique cool tropical feel and ambience confirms Archt. Weeraratne, painting an alluring and desirable picture of condo living, meticulously designed to fit the spirited Sri Lankan mindset.

The residents only wanted different spaces – all these open verandahs, seating arrangements again established in a medium sized podium level just above the car park to offer this sense of belonging, identity and culture to be so they can go out and sit with a book, take a few friends and occupy a space of their own. The developer was convinced of the purpose of creating this expansive verandah space including a function space.

Adding detail to description he incorporated a smaller function space at ground level on this floor and a kiddies play area with a kiddies pool at a lower level than that of the adults to complete the family setting. A garden space to walk around in here with vegetation which was a demand and a yearning and a walking track almost made it picture perfect. He had also decided to dedicate the roof top for common use blending seamlessly this concept of verandah in to modern living spaces - that indoor outdoor transition space - more than anything, for people to just relax and to sit around outside from the enclosure of their homely living spaces or apartment.

So they came up with this long covered terraces designed in a way where several families could use it without stepping on other family spaces. Then there will be isolated segmented deck areas where furnishing will eventually be installed for privacy and individuality requirements while the infinity pool as you call it will add more value to the open spaces. He identified these as some of the challenges that will be utilized to make this development fit in with local market aspirations and dreams. When we look at the sales statistics of 98% locally bought apartments expansive lobby, the mid podium and the walking space, with the infinity pool have been the draw for Sri Lankans.

Adding value to stature he admitted that he belongs to a leading local architectural company collaborating with MRDV in Amsterdam, a leading architectural company on this luxury project

recommends this is the current ways to look at condos and the way to go and there is a big demand for mixed developments.

He confides that there is a demand to create mixed-use developments where you have quick access to a supermarket, a bank, and basic amenities that should go in to an apartment project while being viable as well. Besides most demanded for green spaces at multiple levels. They wouldn't want to travel 40 floors to get to a common space nor did they want to go down 35 floors to get to the garden. At least to have green space and leisure space at multiple levels was a common request of many. Besides another key thing they wanted to have was natural ventilation he pointed out.

He is jointly trying ways to overcome that challenge when they have 30 to 40 levels to consider. Another thing the users themselves are conscious of is energy efficiency. Space efficiency was at the core of it all. Storage and laundry was another challenge as to where they put them. Simple questions like where do we store? A couple of clients even asked whether they could convert their domestic's room in to another bedroom. So there is that multi-use multifunctional space that people are craving for right now.

Then there is the outdoor spaces which are for public use, low maintenance costs were a key factor that was constantly brought up in our interactions. So was access to amenities and energy efficient solutions for the entire building was also in the thick of the conversations so that's it becomes an economical project for them to live in. So these were some of the key factors that surfaced at interactions with prospective market segments.

In some of the ongoing projects we completed in the region, to do the natural ventilation and natural lighting the use of a screen wall - these are different types of treatments to façade that are being explored and developed around the world - and of course, using an energy efficient façade. These are from another different study but I thought it would be interesting to borrow this slide for sharing, he mentioned. These are the stumbling blocks yet there's more to do. He said he may be an architect but certainly interested beyond the spectrum of architecture.

There are great designs but like someone mentioned the challenge of getting approvals is another dimension. There are many developers who want to come in to the market and invest in development but what deters them is all about getting the red tape and other stumbling blocks out of the way, and of course the labour and the contractual problems we have to find solutions to.

This morning we had a meeting on a particular project, something like laying a timbre floor, the challenge of having enough reliable labour to finish a project on time is the issue he confessed. There are individual developers who want to come in and the lack of labour is the most challenging thing right now. Even the election is an opportunity to all of us in the architectural industry, from the developers to construction industry to be able formulate a frame work for real estate and commit every candidate to one policy to work on.

Then we have bureaucrats he lamented, who just suddenly say things that kill the market, such as wake up suddenly and say the apartment market is not lucrative or that there is a development bubble that's



about to burst or make such statements to the public to destroy the future of the development industry. While we make every effort to build the market and it is of the essence to have a framework cast in stone for the next 20 years or more as a solid part of the development plan for Colombo.

He insisted on the importance of looking at the overall urban context of the city when we develop a framework for the condominium market in the future. It will also reflect on architecture and not pressure architects to go down a particular road. He confessed that as Sri Lankan architects we have not developed a protocol as to what should be the ideal apartment for a Sri Lankan family. He believes it's under evolution and it would be an interesting challenge. He pursued it would be good to know how many Sri Lankans would have adapted to the earlier apartments created by the Singapore and Thai architects. People have found that Sri Lankans adapted and fitted in fairly well in to those apartment projects. That would also be an interesting challenge for us in the architectural community to really work together, he professed, with the policy makers in developing an architectural model that would be apt for Sri Lanka and have a distinct Sri Lankan identity.

Some of the key factors he went through earlier, touched on what Sri Lankans are calling for - some unique, distinctively Sri Lankan ideals to be incorporated in condominiums and he was hopeful that by doing so can improve on the percentages of people who would now yearn to live in an apartment or condominium project. He hoped thereby it will also arrest the destruction of some of the greener parts of the city that maybe zoned out and protected. As an architect, with deep sensitivity to the aesthetic and feel for design layout, can point out on designated areas where condominium projects would be greater with green open space around them. On that optimistic note he ended his contribution of thought provoking facets on new trends in condominium development.

## **5. SMART AND INTELLIGENT BUILDINGS SHAPE THE FUTURE**

**Mrs. Ishari Siriwardane, General Manager, Digital Projects, Sri Lanka Telecom**



Representing Sri Lanka Telecom Mrs. Ishari Siriwardane forwarded the dynamic and futuristic smart and intelligent building solutions in Sri Lanka. She mentioned that the government launched the National Digital Road Map recently and that SLT is partnering with the government in the digitalization initiatives in an attempt to build smart pillars with the government to ensure that our nation will become a Smart Sri Lanka by the year 2022.

How we envision Sri Lanka in terms of a Smart Country is in terms of connectivity and today SLT has covered almost every corner of the country with various technologies like Fibre and Wireless connectivity and with the necessary infrastructure to drive the country forward in terms of digitalization and unified services, intelligence and security aspects she explained.

SLT is at present managing most of the requirements of the big conglomerates and providing the state services with management services. Bringing the businesses and state services together we envision Sri Lanka to be a safer, convenient, efficient, modern, attractive, cleaner, greener, comfortable and sustainable model and a healthier place to live and that is the strategic road map we have for Sri Lanka, she outlined, adding that SLT has been a legacy operator but now is moving forward to become a digital service provider which will actually facilitate the digital infrastructure enabling smart living solutions in the condominium development environment.

She spoke about SLT Quadruple Strategy, citing that SLT is looking at Smart Intelligent Buildings, Smart Phones Solutions and the Eco System of Partners. As partners they plan to work in these smart building project domains adding to their case studies of project exposure she identified. SLT is supplying Quadruple Play services having provided the infrastructure of 'Fibre Everywhere.' Voice, TV services, Broadband services, now introducing the Smart Suite services, the Smart Phone services and overall Smart Building services, are SLT's playing field now. But then, why would anyone want to make their buildings Smart, she queried. The building will have two end users - the occupants - tenants who are living in an apartment and occupants of shop spaces are one category. The building management personnel would be the other category she highlighted.

How would you want to manage your building, why go for SMART she asked the audience. Actually by making a building a Smart building the benefits are twofold - for the occupant is provided with comfort, convenience, safety, healthy living and modern futuristic features while for the building management segment will have their benefit of optimization of operations with better visibility and controllability of building operations making it easy for maintenance and management, while it makes the building more productive and efficient.

She outlined that SLT brings other green support factors like energy saving and safety options which are key requirements. So while making buildings Smart there are daily utilities that go inside a building - the network connectivity and the infrastructure – which is the key. It's required to have the proper infrastructure in place for other utility services such as telecommunications and ICT requirements she affirmed.

Then required sensors and devices have to be in place to make sure you capture all the operational requirements in the building, like the computers and ACs that require monitoring, AC controls, lift controls, building management sensors, devices and systems that needs to be connected to maximize the performance of the operational aspects of the building she pointed out.

Finally you have to aggregate all of this information to visibility for best performance. So the intelligent aggregation adds up to one common platform. She emphasized that it all starts with the network. SLT

is the only licensed service provider for Fibre and we have partnered most of the condominium projects in and around Colombo and have provided the fibre backbone, she said. But in the future there could be other Fibre operators obtaining their licenses for Fibre.

When we do the designing of network infrastructure for the buildings SLT keeps provision to ensure that other operators also can come in and offer their services. These provisions have already been made in the projects we have handled. She informed that SLT has also discussed with the Condo Management Authority to update and modify certain terms and conditions that can be made applicable now as telecom infrastructure was not considered a part of the construction focus previously. The discussions conducted have been progressive and certain case examples have been captured in these guidelines. The other key component that she highlighted was, that when common infrastructure is being installed the ICT requirements – be it for CCTV or Wi-Fi access - need to be considered not only for the apartments but to the common areas as well. You can make use of this common fibre infrastructure which is laid by SLT for many other services as well, she revealed.

It is easier to calculate cost investment for different requirements while at the same time assigning free space for ducts so other services can also be easily laid making operations efficient, if you have a common fibre infrastructure laid out at first to access multiple services she said.

Here's what other services can you get from SLT, she defined SLT services spectrum with access control and security surveillance, which is the key thing people in an apartment, would want to make sure about. Having proper access controls are key to security and you need to control access at various levels. You can restrict visitor access to get to floors and can turn CCTV to varied angles for surveillance purposes. These are some of the security measures you can include in a condominium project or any high rise building project, she explained in detail.

SLT also specializes in Smart Parking solutions. In a condominium you may have elevated mechanized struts for the tenants and common parking spaces for visitors. Here you can book parking slots in advance and when a visitor comes in, there will be a parking reserve system which automatically detects the number of the vehicle and driver's face and collects that information in data bases that you can always go back for reference as to who came at what time in what vehicle, which would be available in software systems.

SLT Fibre helps the Smart Building on Display Signage for different purposes not only for advertising but to provide information. It can be in the form of notices in digital form to have in shop spaces and restaurants where people can interact with. Interactive digital signage, outdoor digital signage and video kiosks, digital signage at retail and restaurant outlets and video walls and kiosks, which are operated through Fibre connectivity she affirmed, in intelligent buildings.

In Smart and Intelligent Buildings, efficient building performance is key. Intelligent building Management systems and other solutions, have visibility of all data. Integrated information generated from individual

systems can be accessed by building management when the buildings are intelligent. The facility management functions too can be integrated for smooth and effective maintenance and it can run as a software platform for ease of management. When there is a maintenance requirement it is made visible so you can go to it to attend, which reduces your cost because it's a preventive measure as activities are captured and alarms can be generated if there is a need. The reduction in maintenance bills can be tremendous, she conveyed.

So there is more to why you would want to make your building smart and intelligent. Considering, the value proposition in Smart and Intelligent Buildings, it creates comfort, convenience and a safe environment for the occupants or tenants, it also adds enhancement to the appearance as you are creating an ambiance, she expressed, that only the latest digital solutions can create in looking trendy and modern in appearance.

It is also futuristic because the future is digital and contains revolutionary high tech ITC features and solutions which are Smart, which creates connected communities,, serves the commitment to energy saving and green living while bringing home affordability. SLT becomes the key differentiator here contributing to building Smart and Intelligent Buildings which differentiate from other buildings. Many new building projects are coming up in Colombo and she declared that SLT would be the key differentiator in creating them Smart and Intelligent Buildings.

Why SLT embarked on the SLT Smart Home project, Ms. Sirwardena emphasized, was because of the young generation who are in to a digital lifestyle and their day to day activities are done through the phone. So to give the controllability of the home to the phone has become a necessity of the future. How SLT embarked upon this is, she said, was after a market research conducted among the apartment dwellers and developers where we found out whether there is an actual need in Sri Lanka for a Smart Home. The people needed and wanted it and were ready to receive it but the solutions were not available in the market, she revealed the research results.

SLT decided, she confirmed, on an App which can be connected to the Global Cloud which can be connected to the Smart Home. But the maintenance ability was not available as we Sri Lankans are not a DIY people (Do it yourself) who wanted someone else to do the maintenance, plumbing, electrical work etc. So we found out that people also wanted someone at the backend for support to attend to their post sales maintenance and to sort out any other everyday issue. So SLT decided to have within SLT a system, that when we create the main solution and implement it we will also have a sales provision, a maintenance support system at backend and continue to provide services on-call which will be implemented after we install the connectivity systems in the apartments, she read out the process strategy.

So like any Smart Home, SLT Smart Home offers controls of lighting, curtaining, door and window lock control features which will be available and can be controlled through a mobile phone or web portal and a multiple user connectivity for home occupants. We thought of adding more value to condominiums, so we are building a community there, where many services are built in to it within the community like

common service facility. If they have a supermarket downstairs they could use the same Mobile App to order the goods to be delivered to their doorstep etc. All these service solutions will be built in to the same Smart Home Mobile App.

In actuality we don't do this alone she confessed, adding that they have a partner in the ecosystem. We have many partners here and we are a government backed company having a strong allegiance with the government and even the multiple consultants to the government are working on these projects in the Smart Building domain.

She took us through case studies of some projects SLT has completed and the Lotus Tower is one such project where she said they collaborate with the entire building management system created by SLT. In providing various solutions including loyalty solutions we have partnered with Telecommunication Regulatory Commission to provide these solutions to the customers.

SLT also signed a MOU with Megapolis Ministry, who is planning to build 6 cities within that Megapolis development arena designed to serve specific development projects. We have signed up for infrastructure development and some Smart solutions to be developed in this city. We also have a MOU with the Port City and have signed up for backbone infrastructure and some Smart solutions for the city she said expressing the stature, muscle and capacity of Sri Lanka Telecom. As if to add more vigour and élan to the SLT repertoire, she declared that recently they signed up a 5 year tripartite agreement with John Keells Properties, their IT and Trizen to provide Smart Home solutions to Trizen and their upcoming projects, which literally placed the cherry on top.

If you want to be part of the future of Smart Sri Lanka, she called out, Smart Living would be the 'Thing' and it being a key factor which SLT is clearly focused on, we have to get together to develop a living space that abounds in high standards of comfort, convenience, safety providing green and healthy living for the people of Sri Lanka, she said, closing on a vibrant and optimistic note.

## **6. LAWS APPLICABLE TO CONDOMINIUMS AND CHANGES**

**Mr. R Selvaskandan** Partner, Varners Lanka



Opening his address on Laws Applicable to Condo Living in Sri Lanka he sounded a clarion call for change. He affirmed that his friend who pushed him on stage wanted him to tell the truth to the audience here as to what we have to do to make this country a vertical living space.

So he started with the laws currently present in Sri Lanka with focus on a few Acts – Apartment Ownership Acts which came in 1973 and the Condominium Management Act which came in to being in 1993, which was the era when most went to Middle East and even then there were many private developments happening here in Sri Lanka, he recalled. The government public sector owned high rise buildings and in my opinion that is the very reason why they brought these laws to govern the developments that were built for the public sector employees. Now since then we have moved forward.

He exposed his background to make the audience understand his critical views on a whole long list of subject matter such as what goes on in this country about condo living, the development forces that are operating, how the construction takes place, how the approvals are forth coming and also on the banking industry and about the owners who trust developers and the plight they are in as a result. Talking of stake holders he said there are developers, the bankers, the purchasers and the contractors who are hired by the developer to perform, build and deliver a proper building for the owners to occupy.

He had been living in Hong Kong for 22 years with a major practice dealing with all the top developers in Hong Kong seeing through over a 100 development projects in Hong Kong without a single project failure he affirmed. He explains just how these projects achieve success as there they looked into safety and various other aspects of those buildings. To make it happen there is a simple process to follow he said adding that we have to ensure that these projects are completed within budgets in a timely manner and handed over to the buyers for their occupancy.

Explaining the process he said that when we take a developer who has a land he intends to develop he goes to a bank to take a banking facility. When bank says yes the developer hires the consultants on a typical project – an architect, a structural engineer, an MEP consultant and a quantity surveyor. What kind of standard is he looking for in these people and what criteria is there to set standards, he queried. If it is a 30-40 storied building how is it going to happen and how will he employ these consultants to these projects, in itself is a challenge, he confirmed.

Once he hired the consultants, he goes to the authorities to get approvals but they do not look into the fundamental aspects of the building but will tell you the setbacks, talk spend, cost and budgets and nothing more than that. Neither do they take the responsibility for the building. They' will be passing all the responsibility to the professionals. But if you want to have a successful implementation of vertical living in this country we have to step by step have to put the fundamentals in place, so that we make sure the projects are completed within the standards we want to adopt he said.

Speaking on guidelines to get the right consultants to the projects he cites examples from his case studies in Hong Kong. When you do a multi storied building we call an Authorized Person (AP) who must have a minimum experience of 10 years as an architect and he faces an interview with the Town Planning Board of Hong Kong.

There are 12 members from various departments who sits at the selection committee he said. They want to see whether this architect has the full knowledge about everything from fire services to drainage, MEP to vertical transportation to all there is to know in skyscraper development. They will fire questions a

only if they find him suitable and fit enough that he gets appointed as an Authorized Person. Now we have the equivalent to that in the CIDA where we call him a Qualified Person.

How do you define the stature of the Qualified Person, he queried from the audience. The Qualified Person has to be a member of the institute. That is the qualification criteria in Sri Lanka. That's the equivalent we have here he explained.

This AP in Hong Kong is not only an officer or architect for the project, he is also an officer for the government as well. The government invested the responsibility to the Authorized Person (AP) to ensure all safety measures of the building project are adhered to and that the design is done according to the regulatory framework. If anything goes wrong his license gets canceled and he cannot be a Qualified Person in the future. Now do we have that process here? He was spot-on in his critique.

We must ensure the professionals who are going to get involved in this tall high-rise building projects are under the jurisdiction of an able Qualified Person. He vouched for his respect, absolute faith and confidence in the professionals of this country. He cited Empire Twin Towers as one of his proud Sri Lankan products with an all Sri Lankan group of professionals in the team including the architects, engineers, MEP consultant and structural engineer.

He stressed on the importance of knowing who you should employ or deploy in this kind of development before we embark on it. It is not easy to coordinate everything on a building and bring it together and ensure completion, when you know you cannot do changes as you go up. It's going to increase the cost of the developer. So before you embark on the high rise project put everything on the paper, appoint the right Qualified Person to coordinate and complete the project to required safety standards, he expressed.

So we have to make those fundamental changes first when we start the design of the building itself, defining who the eligible professionals are, who can ensure critical design and the safety standards of the building. He stressed that he was not referring to an architect who can design and build a house but that there is so much more to a skyscraper than just height. When it's a high-rise where we accommodate 400-500 apartments with each apartment having about 4 to 5 people (so about 2,500-3,000 occupants) living right up there calling it their home.

So firstly in order to make this living good, we must, before we build the high-rise, build the confidence of all the stakeholders that all those who are going to be involved in the project are really qualified and, he showed the way to get about.

Next we need to go to the building authority. Are they taking the authority for the structural aspects of the building, he queried. Ultimately the structural engineer has to make a statutory declaration that this building has been done according to all standards and complies with all requirements. He claimed that the building authority does not take the responsibility if something happens tomorrow.

In the event something goes wrong the government would accuse the developer of a substandard building. The developer is bound to say that he hired the best professionals in the country. So to get the relief we need a professional intervention scheme in this country, he affirms.

At the starting point having all fundamentals in place is the way to ensure proper vertical living in this country. At the implementation of the project CIDA needs to have people committees to take responsibility and the authority to go and inspect those buildings. They should monitor the construction process to ensure the use of right materials in required measure and the standards to be adopted, driving regulations across the Board so that everyone follows that framework for condominium development, which doesn't happen now, he emphasized.

Parallel to that we have a building authority which really approves all fundamental aspects of a building and they have the right to visit a site at any time even after they do the construction. They can cut open the concrete and take a piece of steel to test the efficacy of the steel to see whether it's substandard or not. He demanded that the building authorities in Sri Lanka need to attend to monitoring that with responsibility.

Talking about site inspection he claimed, in order to make this living vertically very comfortable and safe we have to follow certain rules in this country and that it has to be done forthwith if we all want to make a living in Sri Lanka. If there is any substandard material is used the building authority has a right to use stop order for the construction as the frame work of vertical living is such.

The context he outlined clearly was that there are no written laws in vertical living. They have no Partner Ownership Act and but everything is regulated. The professionals that get involved in the high rise have one authority they call it LAPO in Hong Kong which stands for Legal Advisory & Property Office to where the developer has to submit all the data on a regular basis to keep them updated.

The LAPO is very important when it comes to demand and supply of condos anywhere in the world, particularly in Sri Lanka where buildings are allowed to come up without knowing whether there is a demand or not. Besides anybody can submit a plan and have it approved. But this is not the right way to encourage vertical living he warned.

It is important to have an equal entry building authority in Sri Lanka. We have the Urban Development Authority but are they really taking LAPO responsibilities, he argued. In fact we had a building department earlier in this country which we have got rid of. But we professionals have to ensure that all these state initiatives are in place for those who are going to live in this country. He urged the significance of putting our heads together and drafting A to Z all relations to govern this vertical living in Sri Lanka which is not in place at this moment.

But there are good developers he claimed, who are adhering to best practices and certain standards; but can they survive when other developers who are using substandard means to get by. The only way to overcome this is by having a proper regulatory framework. In 1988 in Hong Kong there were 180 odd development companies but by 1996 it had died down to 25 to 30 developers he cited an example of



the destiny of those who didn't comply with the simple rules and regulations that the government had brought in for vertical living. He vehemently said that there is no choice to retaining good developers whole the others will fade away he insisted. Since the government imposed all the regulatory framework, not a single project went down. So this is what we have to do in order to make safe and beautiful living in high rise happen in a proper way in this country.

If we look at the flip side of this story, the banks and the poor purchasers have to entrust their funds to the developers. A typical lending for a project to complete the rest of the complex happens this way. The banks grants a loan and allows the developer to do a presale, and whenever the presale happens that money has to be paid to that stakeholder account and the bank will ensure that money is used only for that purpose and not for any other project. But in Hong Kong that account is managed by a law firm and the partner of the law firm will have to make an affidavit filing at the plan registry for the responsibility for this money and this is how he will allow the developer to use the money representing the developer as a lawyer said Mr. Selvaskandan.

That money that comes on the sale of land will be firstly used on the construction, secondly, we ensure the contractor is regularly paid when he consents to complete the project. After we ensure we have enough money we complete the project and we pay to the bank what is their due. Thirdly if anything is left after completing construction and paying the balance, it will go to the developer. So the developer is the least priority in the list. Are we doing that in this country, he asked the building community in the audience.

Addressing the issue of how we can embark on a vertical living throwing in millions of rupees when we are not in a position to control how these funds are being used, he outlined, it as very important to all professionals here, to join hands together to sit down and come up with these rules and regulations to ensure every stakeholder's interests are safeguarded, particularly in this industry of condominium development of this country.

He delved deep in to the lending process highlighting that banks are seriously not looking at development as project finance. They just lend on a mortgage which is not enough. They need to consider development as a project finance and get all security documents in place including cost agreement. The money from the bank is subordinated to the bank and it cannot be used for anything else as it was a company guarantee and more than that – They need to get in to a share mortgage – where they pledge for the shares in the company as it's critical in this country today it's a cumbersome process that we have to go through if we want to dispose of a property and recover the funds. Which is why we have to have this arrangement with bank because you are then in a position to dispose of shares in the company – there may be a buyer readily available to buy the shares and step in and compete the project, he literally put the cards on the table.

We have to set things in a conducive manner to complete the project, he stressed adding that the systems and procedures we need to come up with too should be to ensure that the project is completed

and stakeholders are benefitted from that. The banks are not doing that either. In fact he said he has made it clear to all the banks who are lending money to projects.

Identifying himself as a qualified lawyer he professed that his friends here know him as an unqualified engineer, unqualified architect, unqualified Structural engineer, unqualified MEP Consultant and unqualified accountant. He confirmed he went in to those details to show that all these things work hand in hand to ensure the completion of a high-rise development project.

He reminded that even after you put all the relevant systems in place and have completed the project, still there's more to do when the owners come to occupy the building. What he referred here was about the ownership of the occupants but the CMA ownership Act is not truly reflecting today's vertical buildings, he assured.

He cited a case study called Colombo City Centre which he said is a complex building with many common area elements incorporated in it and managing this once the ownership of apartment owners come in to play was another big task. As a multiple usage building it has massive car parks such as separate car parks for the hotel and car parks for the apartments.

It's interesting to note how many common areas it can create for this building but we really know the implication of these common areas and how difficult it is to manage owners of various retail sections, owners of hotels and owners of apartments and how they are going to contribute for these common areas and facilities. When you do projects it is easy to understand different areas when architect place colour to identify its use.

CMA has it that the owners should contribute more for the common areas in addition to what he has to contribute. Apartment owners cannot be unfairly charged for the expenses in hotel common areas and retail common area costs cannot be unfairly charged to hotel owners either. CMA is not catering to all these categorizations and complicated spaces. In such a case you take the assessment on the common areas and facilities which are common to everybody. However the costs would be exorbitant, but then why do you have to do that he argued. As a solution to that we came to consensus to segregate and do the project at a high cost. As a solution

What he had done as a solution is getting retail common areas, hotel common areas and apartment common areas accounted separately and then contribute the building development common areas in proportion to the gross floor area of their set areas. The fire escape staircase that runs from top to bottom becomes entirely development common area. When coloured separately it's made clear and easy to focus on how you should distribute the expenses of the common area element. Then you are not asking anyone to pay more than what they ought to pay in order to live a decent living in this development.

It's very important that we do projects but unfortunate that CMA and the apartment ownership Act is not dealing with condo developments yet. It requires to be redefines because when that Act was brought

up in 1973 and amended it in late 1983, CMA never anticipated that Sri Lanka would embark on such high rise buildings.

He cited that in Hong Kong they have a legal document called the Deed of Mutual Governance and the Management Agreement, which identifies that each owner will not do anything detrimental to other owners within common areas and spaces and if that happens the manager under the DMC will abort and resort to legal action if needed, against the owner who is trying to interfere into the use and enjoyment of the other owner. When developed Empire he had introduced that document, the Deed of Mutual Governance and the Management Agreement, and the owners were very pleased and happy to have that document as the manager has the absolute right to take action where needed.

Balconies around this city are used to hang wet clothes to dry not with the intention of diminishing the name of the city, he said, but you need a document where the manager is empowered to stop anyone messing the façade of the building. It not only affects the façade but also the valuation of the building; thereby it affects the value of the apartment that the buyer has bought at a high price. It all begins with the building from the time you hand over the building, the way you manage the premises and the way the owners conduct themselves. Everything will have to fall in to place like a perfect jigsaw in order to create a better vertical living in this country but unfortunately we don't have that document, he lamented.

The largest project he had managed as a lawyer is called Lung Mun Oasis in Hong Kong contains 3800 apartments with 8.8 million square feet with 3800 owners and their families, approximately 11, 500 people in that multi development. This facilities incorporated in this building includes bus terminals to railway terminals to primary and secondary schools to retail centers. Managing such a property is a daunting task. Hong Kong doesn't have laws in this country to govern all this. But we managed these developments very well because we had the legal documents in place he recommends, which ensure the management is done especially to the benefit of all owners who occupy this building.

He made a request to major and minor project developers to join hands to come up with the proposals to the government, to ensure that every step in this development eco system be properly regulated and thereby everyone including contractor, developer and could make a decent living and the value of the vertical development project will be enhanced and every stakeholder will have a sustainable income. Then they could embark on their next project based on the success of this project as today Colombo has some 40 new projects coming up.

He further said that the government here is not ensuring the financial stability of the developer through this building, unlike in Hong Kong where the developer, when he submits a bank sheet to the LAPO or Legal Advisory & Property Office, signed by a lawyer giving a statement of accounts as to how this project would be completed and if they say you need 40% presale but you don't have that much, then you have to say you have the banking facility plus the developer has the strength (shown on the balance sheets) to complete the project, which, he assured, is the legal backing the developer receives to begin and complete the development successfully.

He was insistent on another regulation, the building community need to bring in, to not permit every owner of a land to be allowed to do this kind of high rise building, unless they have the ability and the financial stability to complete the development, because they would be dealing with the public and their money which they have entrusted to the developer hoping that they will get a lovely apartment for their future, not only for them, but for the generations to come.

He concluded calling out to join hands to work together to bring home some sense, so that everyone will succeed in this futuristic vertical living.

## **7. CONDOMINIUM DEVELOPMENT ISSUES - DEVELOPERS' PERSPECTIVE**

**Eng. Rohana Wannigama, Director Capitol Developments Ltd**



He thanked the organizers for creating this opportunity of bringing together all aspects of condominium development on to one platform.

At the onset he stressed the importance of addressing condominium developments besides other numerous important matters because today we are experiencing a paradigm shift moving towards city based life at a much faster pace than in the past. As developers we need to look for economical solutions to make use of limited resources such as land, facilities and other amenities within these metropolitan cities, which is why the concept of condominium development has emerged, he endorsed, as a phenomenal feature of city living in Sri Lanka.

Explaining the evolution of human habitat he said that earlier we used to live in villages as a community. Today we are doing the same building high rise apartments which are apparently vertical villages in the city. It is always a good practice for us to have many condo developments for the welfare of the society at large. In doing so we need to see what shortcomings the developers have in order to seek remedial measures.

Many of you may know, he outlined that any given condominium development will have 3 phases as part of its life cycle. Firstly Pre Construction Phase, Physical Construction Phase and Post Construction Phase. The developer will have to face each and every hurdle in these stages to give a full product to apartment buyers.

Identifying the challenges and the concerns developers face, he said that in each and every stage of construction before making a delivery a timely delivery. If you consider pre-construction stage there are certain concerns for the developer. The prime concern of the developer at pre-construction stage is how to get the project going. The initial funds to kick start the development will always be a challenge especially in the recent times with the downturn of our economy and incentive is failing in the state sector and the market is in a bit of crisis, he noted.

The real estate and construction sector is no exemption to this. Therefore lack of support from lending institutions of the country and soaring interest rates are really pushing the developer back. Finding private investors has become futile in the local context so therefore banks and funding institutions are the only recourse available to the developer to turn to. It is unfortunate to say banks are not supporting he complained, and the local developers do as much as they could do to bail out this situation.

Major reason could be the cap of risk and trustworthiness of the developer. The lending institutions should have a proper assessment mechanism in place. Lacks of one particular developer defaulting the bank should not be a reason to ban the entire segment as a high risk sector for lending. Adding a rate of fluctuation in the forex market for a developer's equation makes life even more miserable to plan developments. The fluctuations in exchange rates and lack of consistency it is difficult to fit the pricing for apartments in local currency. Therefore the local market is in a bit of uncomfortable zone, he identified, even though it has little or no effect for foreign purchases.

Delving in to the crux of economic downturn, he acknowledged, that this could be instability in forex but more often it is passed on to end customer. The apartment buyer is discouraged opting for condominiums because of the fluctuating price. In order to have a practical solution the state should support by having stable economic policies so that developers can be at least minimally assured to make informed decisions and have sufficient cover to recoup potential losses. Moving away from financial constraints, the other major concern for the developer is time. The investment needs to realise on time to reap the benefits of the investment, he affirmed.

The cost is more expensive than what could be quantified as financial loss as time is more costly. The lengthy process of attaining authority approvals from each and every regulatory body is a tedious and painful process which is also a time cost to a developer, he lamented. So it is important to have a fast and efficient system in processing approvals and permits. The next area of concern which I would like to highlight is the lack of infrastructure proceedings in certain features due to lack of basic requirements such as sewerage water, electricity even road assets which the developer himself has to take up the additional burden to plan for, fund for and find a mechanism to execute the same. Due to these limitations the scale of developments also has be downsized at times which was an opportunity lost to a developer, he explained the negatives.

Another city planning issue with less favour with developers is restriction arising from zoning regulations particularly to the Colombo metropolitan area. The high restrictions imposed by regularity authorities limits the prospects for some of the high rise developments in some of the high demanding residential

areas in Colombo. Seems we as developers are missing very great potential where we should be able to derive the best from the limited land space we have. These are some valuable thoughts to the authorities and the audience present here, to think about, he expressed.

The next point which he wanted to stress on, is the readiness of our industry and authorities to adopt technological changes previous speakers addressed the future trends, and latest technologies that are waiting out there. For us to make use of it we have a few hurdles to surpass for instance think about modern trend of mobility and technology completely wireless with all modern gadgets we are using. These we build in to our homes like what Ishari showed us this evening. Therefore infrastructure has to be there to accommodate all these advancements which will always come at a cost. The initial cost of these to be incurred is comparatively high he observed.

So non availability of such facilities in some regions he identified, is a draw back for the developer who is planning for the advancement of built-in tech equipment, the state has to play an active role promoting advanced technology and also to encourage tech innovations. The other down side I see as a developer is lack of responsiveness from authorities and regulatory bodies to these innovative methods and technologies. One such contemporary issue is where solid waste management authority is restricting the disposal of garbage in high rises, he pointed out.

It is really questionable he argued, as to how these garbage can be brought down to the ground floor from higher floor levels effectively and efficiently without use of swoops and it is also fundamentally inappropriate to use conventional methods to transport garbage vertically through stairs and elevators. It is also an expectation of solid waste management authorities for the developers to have composters within the apartment premises to manage their own waste. However it is not practical, he debated, to have large space allocated to accommodate composter machine within condo premises and to have odor around premises which is not appealing or healthy for residents.

It is the responsibility of the municipality to have waste removed from the city in a systematic way or decompose it or recycle it. The authorities should not allow this burden to be passed on to the developer and wipe off their hands which is not a good practice of the community, he pointed out vehemently. To take a different direction let's take up the other authorities that contribute to the developer. There is a major stakeholder for condo projects.

But the main issue is the restriction imposed on certain materials through negative lists. It was done to protect the local industry of course, however the list needs to be revisited since some materials cannot be produced at high quality standards set in the local markets. With such products the developer would not be able to market good quality condominiums to buyers, he contended. If for us to take our country to higher living standards it is essential to have available items at better cost to accommodate in condo development. He mentioned that the substandard item thankfully had been removed from this list in the recent past.

Other than this cement, steel, timbre and generic construction material can also be sourced cheaply from overseas markets. But the restrictions through the negative list discourages them more and ma

things more expensive. Therefore government should take initiative to better support the local industry and reduce the production cost of these material or else offer tax concessions for imports, he appealed. Going further in to taxation it's better to discuss fiscal policy and the role of the Inland Revenue department. Our fiscal policy is really unsound with the recent implementation to charge VAT on apartment prices.

This really discourages house buyers to move towards apartments and distraught foreign investors also from the country, he pointed out. We consider peer nations which are developing fast and have an apartment living trend as it's the best way to transform metropolitan cities. The main concern is the ever increasing construction costs which keeps escalating throughout the lifecycle. Having informed data for decision making is key. The underlying problem for the developer is the fact that no source of readily available data to study the market condition changes regard to cost. This is applicable not only to construction costs for land prices, apartment prices etc.

Moving further in the construction phase, financial institutions again have a major role to play in this phase of development, he said. Managing cash flow is an extremely tough exercise for any developer. This is where we have to go hand in hand with lending parties. Given the current context in the country the banks are hardly generous to support the developers due to the risk factor. However the banks and financial institutions should realise and assess the credibility of the developer and the progress of the development project before they decide in processing financial assistance, he said.

Speaking on the lack of state support, he said, asking for a generic plan to restrict credit flow is not at all healthy for the real estate market construction sector might even collapse if the funding institutes and the state sector is not supportive enough. This is another food for thought for all concerned parties. Another financial issue for the developer are the legislation changes from time to time, he pointed out. The fiscal policy in particular has affected developer severely from time to time due to sudden changes. The recent phenomena needs the implementation of VAT for condominium sales which makes the apartment prices more expensive and discourages the buyers to invest in apartments. In order to facilitate the sales some developers are even trying to absorb the increase in cost while some even sacrifice their margins.

On the other hand some developers who cannot do so are passing the burden to the apartment buyer, he said. Either way its killing the trade because the developer loses his profits due to the reduced margins by absorbing the cost otherwise the increased price will have less demand and subsequently less sales will again crash his thin margins. It should also be noted that it is not just VAT the developer has to suffer. The developer in this business is contributing to the state in the form of corporate tax which is 28% and duties paid for construction material is nearly 30 to 40% on the average. Now VAT on top adds 15% over the development, Mr. Wannigama said dismally.

Even though concession are available through certain mechanisms such as BOI, still the concessions of the developer can be relaxed in order to protect the trade, he suggested. The major concerns here is not the developer the problem of increase but rather not having planned for such increases in taxes. The

state sector should have consistency when formulating fiscal policy so as to maintain a standard tax structure and inform in advance of their next move so taxation for investors and developers to make informed decisions. This at least helps the developer to plan his future spending, he voiced concern.

Regulatory authorities in order to prevent action in the use of certain construction material is also a bit of a concern to developers even though it does not affect the developer directly it has a significant impact on the developer eventually. Prevention of river sand is one such case where by construction contractors will have to look for alternative sources since this raw material is a key ingredient to any civil work, he pointed out.

This has an impact on the progress, quality of construction work and thereby the reputation of the developer. Therefore it is relevant to have a better understanding between the developer and the contractor. Having said that he highlighted a prominent point which he has observed in the industry. The synergies of these both parties need to have better understanding, better respond to customer requirements for modification, better coordination in construction and on time delivery. Finally in the post construction stage to create a competitive edge for many large scale developers in the real estate markets and security for potential investors and apartment buyers.

The final lap of the developer he affirmed, is the post construction phase which is the period of handing over the apartment and the period following that. The major challenge in this phase is to hand over the apartment on time as promised. It is always painstaking and time consuming to coordinate with relevant authorities to get the final approvals and get the certificate of conformity which is proof that the building has been built according to plan, he said.

It is after this final document that we could proceed to obtain CMA certification and deed of condominium declaration to facilitate the transfer of apartments to buyers. This process usually takes 2 to 3 months or more depending on the situation of the development. Therefore till this documentary part s over the condo developments project would be lying out there ready without being able to occupy, he pointed out lapses of authorities. It is an opportunity cost for the apartment buyers. The Inland Revenue Department also is not ready with tax revenue until the deal is closed and deeds are transferred. Therefore the system has to be fine-tuned seamlessly to obtain these processes speedily.

He said if COC and CMA can be coordinated to be pursued and conquered the delay could be cut in half. Some developers arrange the vacant possession to be handed over to the clients after COC pending transfer of deeds. This practice has its own pros and cons but we such clients ending up receiving no proper title or purchase condo property either on time or not at all. We believe CMA must play an active role to avoid such unfortunate occurrences that affects all stakeholders.

Elaborating on the other post construction issue for the developer, he claimed, is forming a management corporation and stage of handing over. Forming this corporation is always challenging because it involves people from multi-disciplines. In order to operate a smooth transfer the developer plays an active role in the corporation even after the handing over the development. It is sad to say very few developers



practice this. It is also a concern for developers to have a good after sales service to its clientele. We all need to address this on good terms and follow it as responsible entities in the industry, he pursued.

Taking a further step and planning better, some developers have never ending woe for rectification of defects even in the post construction period. In general, in the post construction period the developer offers a period of one year (after handing over) defect notification period. Now a days developers are still called up even after the lapse of defect notification period, to attend to minor repairs and maintenance which occur in the post construction life cycle of the building. We all should understand that any building will require proper maintenance and in the absence of it many repairs after its useful life, he affirmed.

The management corporation which is in there should be capable of handling this by appointing proper maintenance unit, either internally or outsourced. It is very often reputed developers that fall in to this trap of not being able to rescue themselves after the period of defect liability and continue to service an apartment buyer out of goodwill. Even though it's a good practice it is really a hardship for a developer. Having managed to handle the 3 phases of development however there are a few concerns for the developer, the main concern being the lack of knowledge about the occupants to a condominium residence.

The condo residential area will be a cosmopolitan environment with multicultural people, he warned. Therefore when using common facilities, should have proper understanding that those who are using the same premises are not inconvenienced. This is evident when handling garbage in condos. The authorities' restriction of use of shoots is due to people pulling shoots without segregating them operating it incorrectly. This causes the shoots to malfunction causing disturbances to other occupants to have their garbage disposed efficiently. This is a major setback for developers to get authorities to approve such advanced systems.

The second point he highlighted was, the capital expenditure in relation to new technology. This may include Smart Home solutions, Smart Maintenance to maintain the façade of the building, Smart Car Parking system, Solar Powered Electricity, waste management and many more. This will have a cost efficient management system for the building users. However the initial investment to install such stems are expensive. Therefore the developers need support from the government and authorities to infuse these modern systems and utilities to condominiums, he said.

The last point he said was, about the recognition of developers. Sri Lankan real estate sector has an array of assorted developers. In the best interest of the clients, apartment buyers and investors we need to have a grading system to help buyers to identify reputed developers and not fall for misrepresentation of bogus developers in the market. This grading will also help lending institutions to identify and access this as a scale to the credibility of each developer with regard to lending, he outlined.

This initiative can be taken in by one of the regulatory authorities maybe the CMA if not CIDA or CCI but CMA would be the more appropriate entity and we need to arrive at a consensus. This need to be a good

practice to have in the long run for a sustainable industry, he said adding, that working in partnership to overcome challenges we are facing now will ensure a better condo development industry in Sri Lanka.

## **8. OVERVIEW OF COLOMBO FINANCIAL CITY PROJECT**

**Mr. Simon Tham** Assistant General Manager, CHEC Port City Colombo (Pvt) Ltd



Future of condo living being the theme of discussion he declared optimistically at the outset, that condo living in Port City is bound to transform the physical and socio economic landscape of Sri Lanka. Condo living or vertical living is an inevitable part of urbanization where communities are now more interlinked and they share common facilities. The Port City project has 25 years development timeline and as the country progresses Chek Port City will grow with the people and will have a social and economic impact on the country, he confirmed.

He vouched, that they have planned ahead to the best of their knowledge and Singapore is confidently moving in on long term plans and it's in the interest of Sri Lanka and the people. A 25 years or quarter of a century is a very long time he identified, as some may say we won't be here to see the completion of this project. But however we take a balanced view of the Book of Proverbs: it says 'Do not boast about tomorrow for we do not know what the day may bring' and therefore sharing some information about this project and seeking how we can work together to build this project is the way to go, he affirmed.

Introducing his background he elaborated that he is privileged to stand about 20 years in real estate across this region and have seen a fair share of successful projects. So addressing the socio economic impact, now that this particular condominium living is going to affect us, we need to look and understand the vision of Port City - a world class city for South Asia - which is an ambitious vision to drive. This lofty vision of this skill and magnitude in Sri Lanka is actually unheard of and it's meant to be a game changer for this country and the region as well, he sounded great promise.

To propel Sri Lankan economy to the next level and to create a hype the leaders of this vision for the region of South Asia is going to create a financial hub, he quoted, "To fill the vacuum of a financial city along the trading routes to the cities of Singapore and Dubai", Identifying Sri Lanka's strategic location

as a place to benefit from the changing global market place. However like any other country or cities competing for FDIs we need to constantly reinvest ourselves in order to compete effectively in this global market place, he affirmed.

Coming from Singapore where they are celebrating their Bicentennial; 200 years since founding, since they first set foot in that tiny sleepy fishing village. However, he said, Sri Lanka on the other hand has a much longer history of 2500 years steeped in a rich culture of its people as well as this trading hub of the ancient sea road. This is Sri Lanka's most competitive unique selling point (USP) and Sri Lanka has access to lucrative middle-eastern markets as well as the rising African markets as a sea frontier, he identified.

India is the growth engine north of the country and within 4 hours of flight time, has access to the major cities in India as well as tap in to regional major markets like Singapore, Thailand, Malaysia and even Indonesia and this is the sea road and Sri Lanka has always been sitting in the centre of shipping lines linking the East and the West, he elaborated adding, now under the town initiative Sri Lanka has positioned itself to tap on the future potential, especially with an educated work force, a resilient people who appreciate peace and together, he was hopeful, that we can work towards prosperity and progress.

Colombo is the growth engine of the country, naturally the best destination for investors. This is why China Communications Construction Company or CCCC our parent company has decided to enter in to a public private partnership (PPP) with the government of Sri Lanka. This PPP is fully funded by the project company China Harbor Engineering and CHEK Port City is a wholly owned setup as an investment holding company, to undertake this ambitious project investing some 4Billion USD to carry out the land reclamation, dredging and engineering work including the investment of infrastructure of the Port City, he pointed out.

Most of you would be interested in looking at some writing captions that some of these projects have progressed generating over 44,000 jobs so far over the last couple of years. The project being fully reclaimed as of January this year. This massive reclamation project will be done when we arrive in the next chapter and this will have an overall land mass of 269 Hectares of total reclaimed land and this would transform the city and the country, he said putting some numbers in perspective.

Colombo's Port City would be 2.7 sq. kilometers or 269 Hectares and in comparison there are other similar reclamation projects in the world like Palm Jumeira in Dubai City there is The World in Doha as well as Marina Bay in Singapore. A project of this magnitude here in Colombo is very close to the size of London City, where many Sri Lankans have worked and studied besides holidaying. So imagine Port City would one day become like London, a city of its own character, with its own draw and attractions. But unlike London, being an ancient city which was built by the Roman centurions centuries ago, in contrast, Port City is a brand new city like a plain scroll we can write on, writing our own story going forward, he painted a pretty picture.

Having started with the pre-phase introduction to the people, he said they have a series of programs to work this out especially for local as well as international investors who are coming here to invest. We heard some comment earlier from some of the fellow speakers here about the challenges, he said, which we have to get together to overcome and this project will take a vow to benefit the people of Sri Lanka. So how this project develops depend on us on how we are going to do this as a team, he voiced promise.

There would be 5 precincts, he portrayed, where there is a marina, the management district, an international island, Central Park living, and also island living he outlined adding that the company Face Book and website will give you much detail. It's important like one speaker mentioned that there must be clear guidelines on any project and in this case the Port City has a distinct master plan which sets up the clear use and zoning with key building parameters set in place to achieve these objectives together.

So while placing it in, clear legislation as well to govern and to manage their estate, he explained. In this respect there are some key strategic developments we have planned in Port City to attract both local and international investors he identified examples such as the independent resorts, the international school, medical centre, hotels and other entertainment.

The storyline has to be set right from the start and it's done through detail and capital planning, he pointed out. You may ask, he said, as to how will people live in this new city and of course, It should be future ready and have futuristic infrastructure that will go beyond what we are experiencing right now. It has to be highly livable, high tech with green environment for everyone. You may also ask how they will attract people socially, so it's zoned out with spacious outdoors for people to interact if they wish, for the friends and family together, he defined.

How they commute and travel will be taken in to account in the master plan where we will introduce a set of regulations or the development control regulations. And a set of regulations for the developers to adhere to and comply with the overall master plan. These would be translated in to strategic urban development objectives and delivered in terms of control parameters. There would be volumes of literature which would cover urban designs, utilities, landscapes and also sustainability all presented and approved by the government of Sri Lanka. To write this story he said, they have engaged a team of international consultants – engineers, talents from local and overseas – because we need to write this story professionally as it's a collaborative effort by all, he explained adding that, this story unfolds as we move on to the next few chapters of development.

As one of our speakers here mentioned 90% of residents in Singapore live in condominiums. The future apartments in Port City will look similar. Lands depend on investors who are buying or the architects they engage. He displayed visual images of water front living, plus scenery and running tracks to promote exercise and healthy living. The housing estate is located next to a community park where it's connected with MRT or Mass Rapid Transit system and other amenities within walking distance he described the facets of the future city.

This Port City sketch merely provides the framework for and guidelines to have proper developers and architects and designers to create the skyline. And this is about the only infrastructure there is. To build this community on the other hand we need we need the heart because it's the people who will decide how it precinct should be We need to understand and respond to community needs we need to engage as well as co-create to implement all these spaces, he elaborated.

Therefore it is important to engage the residents, the developers and the end users. Have this constant dialogue to understand how to satisfy their needs and how can we write the next story on how we can develop this city together. So in the landscape of Singapore people started living in these structures in the 70s overcoming the fear of heights, and in return enjoy fantastic views from high rise apartments or condominiums. He pointed out that to a very important thing is that then we have enjoyed living in a colourful community among neighbours of different nature and culture. So that was the story from Singapore. He queried, so how about Sri Lanka?

Answering a probable query he said the Port City offers such a positive platform for the people of Sri Lanka and the international community and that it's based on the projections we made. The feasibility is done and we expect a population of about 250,000 people. We can all get used to vertical living the city will cost some 15Billion investment when it's fully completed and create some 83,000 jobs. This will have a sure social impact on the country, he sounded great promise.

The Prime minister has also projected that the future Colombo would consist of about 5Million people with a capital income of 30,000 USD which is something they would look forward to. The Port City will generate 5.7 Million sq. meters of space - it's a lot of space- and half of which would be for residential where we have estimated 1000 apartments, 1.1 Million sq. meters of office space and another 750,000 sq. metres for retail. Just imagine, he pointed out, the number of office workers, retail and office staff needed to fill all these spaces.

Lots of potential for developers would be available for those who would be eyeing on a plot of land for your next future expansion. Once the financial district is completed on a comfortable scale there would be opportunities for areas like banking, insurance, institutional and private equity funds. There would be AI technology - a lot of these are not available right now in the region or Sri Lanka, he informed.

So we are also looking forward to create a talent pool for this changing story line we are talking about, he said. Every city now would be trying to work towards Smart City concepts. We need a city that is full of livability built on 3 pillars we anchor ourselves for this project. As you have seen in the news, Port City is in Colombo district and it's a setting story, he said, that we need to achieve this vision of how to build a world class city here in South Asia.

He shared that time line again, to assure they are on track in terms of reclamations and in terms of Infrastructure works. Going forward hopefully we can start construction and break ground for the first project – starting next year first quarter – and the first precinct will be ready in 5 years, he announced. He acknowledged that his colleagues here today, are working on international financial city centre. He closed his presentation on Port City outlining a clearer view of what they were doing and what to expect

while eagerly looking forward for the team on the ground together with them to write this amazing story for Sri Lanka and the international community.

## **9. ROLE OF CONDOMINIUM MANAGEMENT AUTHORITY**

### **Mr. G. Tissa S. Perera CMA, Attorney at Law (Condominium Management Authority)**



B.A, LLB, University of Colombo (Attorney at Law),  
Former Manager Legal (National Housing Development Authority), Former Legal Consultant of the  
Ministry of Housing & Common Amenities

Mr. Perera opened his speech with a chapter from history stating that, the condominium concept has a long history and has been around for thousands of years but has applied to dwellings in developed countries only since the early 1960's. Now this concept is widely used all over the world and has evolved to the degree where today, there are shopping plazas, industrial and other condominiums. Sri Lanka Condominium become known with the introduction of the Apartment Ownership Act in 1973.

It is interesting to study the background he pointed out, according to the condo law. The Condominium concept was introduced for the first time in Sri Lanka by Condominium property Act No. 12 of 1970. It was an original Act but subsequently this act was repealed by the Apartment Ownership Law No. 11 of 1973 (A.O.L) to suit the prevailing situation at that time. Apartment Ownership Law No. 11 of 1973 has been amended by the following legislations - Apartment Ownership (Amendment) Act No. 45 of 1982, Apartment Ownership (Special Provisions) Act No. 04 of 1999, Apartment Ownership (Special Provisions) Act No. 27 of 2002, Apartment Ownership (Amendment) Act No. 39 of 2003 • Condominium property (management) Regulation No.01 of 2017 and Apartment Ownership (special provisions) Act No 23 of 2018

Condominium Management is mainly based on the following statutes he identified. This is a management strategy. Those are Common Amenities Board Law 10 of 1973, Common Amenities Board (Amendment) Law No. 46 of 1982 and Common Amenities Board (Amendment) Act No. 24 of 2003 is the most important amendment here. As per the above Act Common Amenities Board as re-named as Condominium Management Authority. The apartment ownership now in force in Sri Lanka is designed in Singapore condominium style. Condominium (charging of fees) Regulation No.01 of 2017

Speaking on Singapore Condominium Law he said Apartment ownership Law now being enforced in Sri Lanka has been designed on Singapore condominium style. In Singapore law relating to the maintenance of property and the management strata titled properly had to look up two separate pieces of legislations the land Titles (Strata) Act (L.T.S.A) and the buildings and common property ( maintenance and management ) Act (B.C.P.A).

Today relevant parts of the L.T.S.A and the entire B.C.P.A have been combined into a single legislation known as the building maintenance and Strata management Act (B.M.S.M.A). This legislation is the outcome of extensive consultation with industry and public he said.

Addressing the Sri Lanka condominium profile he said Sri Lanka has an area of 65,000 square kilometers and population of 21.2 million ( Department of Censors and Statistics – 2017). According to Talking Economics the block of the institute of public policy studies of Sri Lanka (I.P .S) the total number of condominiums built in Colombo during of past decade is 727 and constitutes a total of 12643 parcels.

For reference purposes he noted that a condominium is not a type of architecture, building or house but a condominium is only a type of owner ship. The word condominium typically refers to form of legal ownership as opposed to style of construction and condominiums comes in many sizes, shapes and forms. A condominium may be either vertical or horizontal or even a combination of both.

The Law shall apply to following categories of properties (section 2 of Act No. 39 of 2003) which says “Erected on alienated land held as one land parcel and capable of being subdivided into parcels. As per Section 2 (a)\* there are condominium property types such as Completed Condominium building, Semi Condominium which is a partly completed building and Provisional Condominium which is yet to be completed he explained the statutes.

Outlining in detail the objectives of the Apartment Ownership Law he said there is law to provide for Registration of Title relating to Condominium Parcel, Subdivision and amalgamation in Condominium parcel with common elements appurtenant thereto and legal provision to enable the separate ownership of and disposition of Title to such parcels and to provide for matters connected therewith or incidental thereto. He made a special note on the above stating that the Condominium Management Authority is bound to achieve the above objectives.

Giving the general meaning of Condominium in legal terms he identified that the term condominium applies to a specific type of property ownership rather than to any distinct style of building. A condominium can be a high-rise building, a town house, a semi-detached or even a fully detached complex in which a residential or other type of units are owned by individual owners and the rest (common elements) including Land is owned in common with the other owners.

Condominiums are created by being registered with the Land Registry, he elaborated. In order to obtain registration, condominium must first pass through a significant approval process involving a number of local regional and provincial bodies, such as Urban Development Authority, Colombo Municipal Council and Condominium Management Authority.

The legal reference to Condominium parcel, he defined as, a defined space which is shown as an independent parcel on a condominium plan or Semi condominium plan or provincial condominium plan and which is designed for independent use consisting of one or more rooms whether occupying the entirety or part of one or more stories in a building of more than one story and which is shown as a separate condominium parcel.

Giving the legal explanation to Definition of Common Elements (section 26 of A.O.L) he said, if any common element is used by more than one apartment, it is called a “common element”. Symbol of common elements is “CE”. A common element in relation to a condominium property means so much of the condominium property which is not comprised in any unit (parcels) there in.

Statutory Common Elements of the Condominium Property 13 outlines that the Land on which the building stands including the open spaces appurtenant to the Condominium Property such as the foundations, columns, girders, beams, supports, main walls and roof of the building.

It also includes installations of central services, such as electricity, telephone, radio, reinfusion, television, water pipe, water tanks sump for water, overhead tanks, pump house, ducts, sewerage line, manholes & garbage disposals, he defined, adding that all other parts and facilities of the property necessary for or convenient to its existence, maintenance, safety or normally in common use is included there in.

As for the Registration of a Condominium Plan, Provisional Condominium Plan or Semi Condominium Plan (Section 3 AOL in terms of section 3(1) of A.O.L no 11 of 1973 Registration of the Condominium Plan is not mandatory may make an application to the registrar. This position was confirmed by the Judgment of Court of Appeal in Mallika Fernando vs Nagesh Fernando (CA 979/97) he pointed out detail. However the provision of the A.O.L. no 39 of 2003 mandate the registration of a Condominium Plan in the limited circumstances set out in section 3(2) of the said act. This section stipulated the time limits with in which such application should be made and prescribed heavy penalty for non-compliance there with section 3(4) according to Mr. Tissa Perera.

Registration of a Condominium Plan, Provisional Condominium Plan or Semi Condominium Plan. (Section 3(1) A.O.L) is very important he stressed. The owner of any condominium property is bound to register the condominium plan within stipulated period according to the sale agreement between the parties concerned. Then, Condominium management authority is empowered to issue a common element certificate he explained.

If the owner of the condominium property fails to register the condominium plan within stipulated period he can request General Manager of the CMA for an extension of the time period to register the condominium plan but if he further fails to register the condominium plan he shall be guilty of an offence and be liable on conviction after summary trial before a magistrate court to a fine not exceeding rupees 50,000 and to a further fine not exceeding rupees 1000 for each day of the offence continues to be committed, reiterated Mr. Perera.



Elaborating on the legalities he ensured that the Condominium Plan has been divided in to parcels and that the condominium parcels can be identified and ownerships has been established according to the Share Value. Besides Registrar of the Land Registry has certified share of the Common Elements, Common elements shall be held by the owners as tenants in common according to their share parcels and Share value have been secured as per the Effects of Registration of Condominium Plan or Semi Condominium Plan and Provisional Condominium Plan 9(1) AOL – upon registration of Condominium Plan.

However, he added that, this right may be applicable without prejudice to the right of mortgagee to exercise the right of execution of parate or right of any other persons.

It is significant to note that in terms of section 9(3) the owner of an apartment also becomes the absolute owner of his share of the common elements. However this ownership is subject to the certain limitation he acknowledged. As per section 11 of the Apartment Ownership Act an owner of a Condominium Parcel shall not be alienated of his share in the common elements independent of the Condominium Parcel. If any common element is transferred contrary to the above provision, such transfer shall be null and void and shall have no force of effect in Law he identified.

Explaining in detail the Effect of registration of provisional condominium plan- Section 9 (A) – AOL, he said, upon registration of a Provisional Condominium plan, each provisional condominium parcel depicted therein together with the provisional common elements appurtenant thereto shall deemed to be absolutely owned by the person described in the relevant plan as the owner and shall exercise such ownership subject to the following limits.

If there is an existence of any mortgages executed to prior to the registration of provisional condominium plan or after the registration of provisional pan securing the land parcels where the proposed building is to be erected shall extend to each such provisional condominium parcel. Hence the owner shall have no right to execute any Instrument in respect of any condominium parcel or land parcel in favor of any party without consent of mortgagee or mortgagees, he warned.

In the case of, the existence of any agreements of sale individual provisional condominium parcel is registered at the registrar shall be recognized as an encumbrance of the absolute ownership exercisable without prejudice to rights of such prospective purchaser who is a party to the said agreement to sale, he affirmed.

Besides the owner shall not sell, lease, rent or dispose in other manner other than by way of mortgage until the said building is partly completed and registered as a semi Condominium Properties. If not the said transaction shall be null and avoid, provided that nothing in these provisions shall be deemed to preclude any authority from selling the said property for recovering the amount due on any mortgage bond or on any agreement for sale in accordance with any other written law, he pointed out.

Speaking on, the Objectives of the Common Amenities Board Act No.10 of 1973 now known as Condominium Management Authority Act (Section 6 ) (Common Amenities Board which established

under Act No 10 of 1973 was re named as Condominium Management Authority by Common Amenities Board (Amendment ) Act No 24 of 2003) he listed the following:

He identified the power of CMA as Control, management, maintenance and administration of the common amenities and common elements of units of accommodation, ensure that the common amenities and common elements of Condominium properties are kept in good and serviceable repair, Ensure that old buildings comprising such condominium parcels are against risk of fire civil, commotion and riot or insure if so requested by the management cooperation or the owner and intervene into dispute between and owner or occupier of such units provided with one more common amenities or common elements.

The CMA is also empowered to acquire the condominium properties that are over 40 years for redevelopment. At present the government has decided to redevelop the old flats in the city of Colombo. If all flats are to remain without re- development these flats will turn out to be vertical slums in the heart of the city. Flats that are beyond economics repair are danger to lives of occupants, he added.

He explained, that in order to execute such powers conferred by the Act effectively CMA is empowered widely to perform all the following activity: the approval process leading to CMA Certificate (Common Amenities and Common Elements), to issue certificates regarding the condition of the building the nature of the common elements etc. before the registration of the condominium plan/semi condominium plan/ provisional condominium plan, to issue Preliminary Planning Clearance from Condominium Management Authority, Urban Development Authority, National Water Supply & Drainage Board, Ceylon Electricity Board, Fire Department, Civil Aviation Authority, Central Environment Authority and Sri Lanka Land Reclamation and Development Corporation.

In addition to all above CMA has the muscle to execute Building Plan Approval for relevant Condominium Project, building approval for relevant Condominium project from UDA or Local Authority, a certificate from General Manager of the common elements and a Common Amenities for the completed/Semi condominium property and a certificate for Semi Condominium Property as well.

The said documents, he said, will be examined by the planning committee of the Condominium Management Authority on the recommendation of the planning committee General Manager of the CMA will issue the certificate for common elements and Common Amenities. Simultaneously General Manager, Condominium Management Authority will approve the condominium plan. Finally, Developer shall register the condominium plan within stipulated period as per provisions of the Apartment Ownership Law.

All documents with regard to Condominium approval process will be examined by the following committee comprising the representative of the Director General UDA, representative of the Secretary Sri Lanka Institute of Architects, representative of the Asst. General Manager (Operation), National Water Supply & Drainage Board, representative of the Director (City Planning), Colombo Municipal Council, representative of the Planning Engineering Dehiwala – Mt. Lavinia Municipal Council,

representative of the Fire Officer, Fire Service Department (CMC) and representative of the Exec. Director UDA.

On a directive made by the Minister or on a request made by the owners of the Condominium Parcels or Management Corporation or Local Authority or any other Public Corporation, CMA could under take the functions of the Management Corporation until the Management Corporation is capable of handling management functions where the Authority is satisfied that the Management Corporation is incapable of properly maintaining, the common elements of the Condominium Property monitoring the progress of the construction of the building shown in the registered provisional Condominium Plan. Section 9C(1) he explained.

In terms of the said provision after registration of Condominium Plan owner of the Provisional Condominium Property shall submit quarterly reports in triplicate indicating the progress of the construction of the building to be erected shown in the registered Provisional Condominium Plan as per the project implementation Plan filed along with the said Condominium plan in triplicate, he clarified.

Subsequently one copy should be forwarded to the Registrar, the second copy to the General Manager of the Condominium Management Authority and the third copy to a mortgager if any. If the General Manger is of the opinion that the said project plan is not properly implemented, the Condominium Management Authority has been empowered to invite the owner of the property, any mortgagees, and such prospective purchasers for an inquiry to investigate into difficulties confirmed in the implementation of the project and discuss ways and means of setting problems in order to safeguard the interest of mortgagees and registered prospective purchasers Mr. Perera spelled out.

With regard to Dispute Resolution in Condominium Culture he enlightened that In considering the condominium property it is natural for the disputes to arise between relevant parties. Therefore some of the following vital legal provisions are set out regarding the Condominium Act No. 24 of 2003 to settle the disputes between the parties. Section No. 06 Powers of the Authority: Resolve disputes between the management corporation and others such as owners, purchasers, mortgagee mortgages etc., for the purpose of removing or demolishing unauthorized constructions of condominium property, inquiry into the financial activities of the Management Corporation and procedure of demolishing unauthorized construction.

Such disputes shall be referred to the Condominium Management Authority, accordingly the said legal provisions (Condominium Management Authority Act) we have conducted a large number of inquiries and decision have been made in same. In this process we are conversant with disputes that arise between the relevant parties he asserted.

He recalled Collapsing Buildings such as the building in Wellawatte which collapsed on 18.05.2017, building in Negombo which collapsed on 17.08.2017 and building at Ahangama which collapsed on 18.09.2017 causing serious damage to the life, limb and properties of occupants and passersby and identified Offences and Penalties for same referred in section 21(2) of the A.O.L Act)

In conclusion he defined some vital regulations pertaining to Condominium Property (Management) Regulations No. 01 of 2017 such as where the parking areas are defined as common elements in the registered condominium plan, every occupant has a common right to park his vehicle on the first come first serve basis in such parking area. Also no owner of a residential condominium parcel shall give such parcel on a short term or lease to a third party without on a duly prepared lease agreement and where any management corporation has charged the management fees in equal installments the management corporation from the date of these regulations shall charge the management fee in proportionate to the share value of the condominium parcels.

## **10. FIRE REGULATIONS ON HIGH RISE CONDOMINIUMS**

**Gp Capt. Kolitha Sri Nissanka, Fire Safety Consultant, CIDA**



Group Captain Sri Nissanka right from the onset identified the significance of Fire Regulations as a deciding factor between life and death for the skyscraper and its occupants. He said we are fortunate in having zero fire disasters to relate here in the Sri Lankan context but without citing the Grenfell Tower catastrophe his presentation would not be effective.

On 14<sup>th</sup> June 2017 a fire broke out on the 24 story Grenfell Tower block in West London causing 72 deaths and 70 odd others injured where only 123 people escaped unharmed. 255 fire fighter from 25 fire engines attempted to control the blaze where people were in a frenzy screaming for help. One hour after 12pm and until early morning the fire blazed on. 5 am in the morning the last survivors were taken off the building. At 3 am the upper floors were seen in flames and 72 people were burned to death. He showed the video and told the fiery tale in short staccato phrases to nail in fear of fire and stir a surefire burning desire for following fire regulations to the tee.

What are the standards we have against fire, he queried. CIDA accepts fire regulations from British standards. The Englishmen taught us the standards but they couldn't use these standards to save those 72 lives. In the CIDA regulations there are many standards given for building design. The Warrington fire regulations for fire doors and cladding are all in UK. Where are we, he asked. We have the local fire brigade and we have been building from 1920s to 2019. With the developments of the buildings the fire brigades were developed.

What guidelines do we follow now, he asked. He has taken specifications from the ongoing projects and those refer to Singapore standards. The hosing system and hydro systems are the latest edition of Singapore standards. We practice such fire retardants. ICTAD fire regulations 2006 is an ongoing project. Many fire regulations can have many parts and there are fire detection, protection and levels of fortification guidelines and specifications.

So in fire regulations, what is the law, he challenged. In the CIDA, fire regulation is the regulator and those regulations are the ones currently in force. The implementing authority is the Fire Brigade. CIDA regulations were initially done in 1997 and then revised in 2006 and the latest edition was launched in 2018 and it was gazetted and it says that every contractor that's registered under the Development Act shall carry out fire regulation under this Act.

It refers to both CIDA fire regulations and the CIDA Specifications. The regulations say what you need to do and the specifications tell you what guidelines you need to follow. They are not the same but different he identified.

It has 8 chapters and each chapter says clearly what you need to do. Earlier editions did not have this sort of chapters, but these give guidelines for fire detection, fire protection and mainly the levels.

Speaking on the Fire Brigade he said, the entry for Fire Brigade and Fire escape access are all indicated in the website. It also says guidelines for designers, architects, town planners and developers. These guidelines need to be read in conjunction with CIDA regulations. Mainly they talk about the Fire Fighting Shaft as a means of escape. In the event of a fire they talk about the Fire Brigade vehicle access. So you put up an apartment and you have not included a fire brigade access. It's enclosed. So they cannot enter your premises. What about these aspects, he pointed a finger at the building community.

In the 2006 edition the apartments did not have many purpose rules concerning the purpose the building is used for. In the new regulations consideration is focused on residential dwelling in Group A1a. So no one can escape now. The architects, developers, used to say there is no reference for apartments. Most buildings don't have sprinklers so they got away with it because of the lacks in regulations. Now you cannot say that. The new regulations will address these issues he cautioned.

He elaborated that buildings are categorized according to the height. 18 meters and below is low rise, 18 to 30 meters is medium rise and 30 to 60 is high rise and you move to the other category – the super high rise. When the building is higher the more problems we encounter as fire fighters. Look at this slide he pointed to the screen pointing this is where the people were found dead at Grenfell Towers. Most of the people had died on the upper floors. Unfortunately some were dead on the ground floor. We have no idea how that happened. 22<sup>nd</sup> and 23<sup>rd</sup> floor had many casualties. So the fire-fighting brigade used this type of vehicle. In Sri Lanka we have only one! Fire-fighting is hard externally and we need to have high-end firefighting equipment and vehicles he addressed an issue the Fire Brigade faces.

Fire detection is crucial to prevent a fire spreading. Here planners, architects, developers went about calling the fire brigade but every building requires fire detection call points. You don't need to go behind anyone if you refer the regulations. The purpose groups will tell you how many detection call points you need, manual or higher end communication. It's very clearly stated in the regulations. So go to the purpose group of your particular building, see the building height, and it gives the guidelines. He was clear cut in his guidelines.

Similarly on the fire protection concerning these two aspects it will say your purpose group details, the height of the building, whether you need portable extinguishers, midair hose fills etc. The building also need to have sprinklers. For a flat more than 40 meters height the purpose group would be 1A, because its more than 30 meters it's is a high rise building. You need to refer fire regulations and table 14 refers to detailed guide lines. What is the 'fire protection misses you' mean? Refer table 70 and it will say you need fire extinguishers sprinklers and other essential paraphernalia. It's very clear and no ambiguity. People still call and ask questions without referring the regulations and guidelines he expressed.

Having an alternative means of escape is mandatory to any building exceeding 18 meters height. Any building over 60 meters will have a refuge floor. If that Grenfell Tower had a refuge floor these people would have come down to that floor. That means you have temporary accommodation especially for people who cannot come right down, like sick people, old people etc. He cited an example: If you have 50 apartments, taking the density at 4, which means 200 people are living there. A refuge floor has to give at least 50% of that 200 some refuge which means it can accommodate 100 people in that refuge floor.

An emergency lift is a mandatory requirement he stressed the importance and its relevance for a high rise building or super high rise building. It has to be in a protector's care. Go to the newly developed so called mixed development area and go to the fireman's lift and check whether its smoke free. I have noted some being not smoke free. When there is smoke entering in there firemen cannot do their evacuation work. It has to be in a smoke free lobby.

Compartmentation, sealing of ducts, using fire-doors – if we ask a contractor or developer to put a fire door - he would put up a fire door reluctantly. He asks why? He complains his sq meter area of apartments are small to accommodate a fire door. The Compartmentation is good but regulations specifically explains what sort of Compartmentation you need to do as fire doors give people enough chance to escape in a fire situation.

Watch and listen to the video: It said: "When a fire breaks out in a kitchen, fire doors should keep the fire within a flat and isolated to stop fire spreading. So is the fire escape - its emphasis is to give people enough time to escape before the fire burns. Cladding doors wouldn't bypass the fire and smoke but highly flammable insulation can travel between floors. It contains cavities that's designed for fire

damaging exterior. If the flame gets in here it would shoot up oxygen sending up to 5 or 6 times its length which means it can spit out through doors. If the door is open it would have been a hot lung where light of the flame can spread back inside the building on another floor.”

So even if you have Compartmentation or if you have improper cladding the fire can spread from the cladding he notified. Based on what Grenfell Towers incident we introduced cladding on the external wall and it should have a surface compliant with the requirement of class O specified in the regulations. So guidelines are given. For the last 5 years we have not seen buildings specially apartments with cladding but now so many new building come up with cladding.

Restriction and maintenance and testing of active and passive systems are in the regulations. The purpose of this application system he reminded, is to make sure that all the occupiers have their active and passive protection systems ensuring them that the facilities are maintained in a proper intended use of operational condition as stipulated in the regulations. So the systems have to be maintained. All active and passive systems are to be maintained in proper working condition.

Any high rise or super high rise building will have to have a Qualified Person doing a fire risk assessment every 3 years because once the management takes over the possession of a newly developed high rise building they do so many changes and it's not in the original shape after 5 or 6 years. If you go to any building and ask who is the person responsible for fire? Everybody backs out and nobody is responsible. Especially high rise and super high rise buildings should have a Qualified Person responsible for fire. It's mentioned in the CIDA Act that a Qualified Person should be appointed, he stressed.

Now who is a Qualified Person? And what is his role he tried to instill the essence of his address. A certificate of compliance with the regulations shall be issued by the authority or jurisdiction is a qualified person. A qualified person could be a system designer, an architect or a mechanical engineer. He is the qualified person. He should be registered with CIDA.

If someone builds a building who does a review? It will state whether the contractor has kept to design specifications and standards. So what is a review, he questions before he provides the answer. The contractor starts the project with some guidelines but so many traditions come in. You need to place fire detectors, sprinklers, and so many cost variations will occur. So your design and the construction has to be reviewed by a 3<sup>rd</sup> party which is the best practice in construction.

Finally this Authority places the seal. Don't expect the fire brigade officer to come over and check every nook and corner of your building to check whether it is compartmentalized, and the fire risk systems are in working order. He will not do that he ensured. The Qualified Person has to do that.

He queries on the main observations and lapses. In the recently built apartments means of escape not available. The lack of a Qualified Person is evident here. Maintenance is not carried out. Systems are not

working. You spend millions of rupees on the systems but are not maintained. In some, the batteries are not in working order so the system is inactive. Emergency lights are not working and not replaced. Exit signs are not working. Even evacuation plans are not done. It is mandatory to have an evacuation plan in a high rise or super high rise.

What happened in Grenfell mainly was due to the fact that people were asked to stay inside, It's a stay put theory. So they stayed till the fire brigade came. It is more important in this situation if the people get out or they are going to die inside the building. We saw this at Grenfell. It is always important to have an alternative way of escape, alarms, warnings, follow directions when people are all in a frenzy providing clear cut directions builds confidence for them to calm down in a panic situation.

This video, he announced, is about the Grenfell Towers where people could not come out. Watch and listen: "This happened in a block of flats in West London. Emergency services arrived 6 minutes later. The flames were beginning to spread. They switch blocks on the upper floors. Maria Ebrahim says the police are telling us to get out. The whole building is on fire. She was stuck on 25<sup>th</sup> floor above the floor which was on fire, so she asked, how are we to get out? She and her 3 children were among those who were trapped and were later listed as missing."

So, just imagine the plight of those people. It maybe you, stuck up there without being able to come down. When there is no escape, imagine your plight. So what I want to point out strongly is understanding the life safety requirements is very essential and without lifesaving safety requirement it's a heavy risk for the occupants, be it you and your family or some other people.

All the safety regulations are certified and the architect or a designer or developer or contractor must have an Authorized or Qualified Person maintaining all these active safety devices readily available in place as per the regulations to ensure the safety of every occupant in your building.

There are a few lapses which I have noticed in the UDA building regulations and it's the Regulator CIDA talks about. CIDA talks about the Contractors but doesn't talk about the Developer. The Condominium Act is from CIDA. What's the relationship? We saw only the fire brigade had been made a member but the link to that regulation is missing.

"Kindly apply good practices and finally, kindly take responsibility for what you do" appealed the chief fire safety officer, possibly because no one would understand the depth of blistering heat at point blank range than a valiant fire fighter.



**Please check if all these were on the panel**

Eng. Major Ranjith Gunatilleke	Eng. Nissanka N Wijeratne
Gp. Capt. Kolitha Sri Nissanka	Arch. Philip Weeraratne
Mr. Nayana Mavilmada	Mr. R Selvaskandan
Eng. Rohana Wannigama	Mr. Simon Tham
Mr. Tissa Perera	Ms. Ishari Siriwardane

**Eng. Nissanka Wijeratne** said that we had many presentations on very interesting topics and invited the audience to fire questions if they seek clarification on those presentations.

**There were some suggestions made to our regulations about Qualifies Persons. You mentioned qualified persons and how do we categorize qualified persons and on what criteria they will be graded? These are things that we are planning for the future. If you point out criteria we will be able to take it in our new regulations.**

**Mr. Selvaskandan:** Do you need any legal input? Yes? So, I will assist you in that regard.

**That was very enlightening. I am no developer, no contractor, I am a Valuer. In Hong Kong in this development process where does a Valuer come in? Isn't there a situation where there is a necessity for a Valuer to be involved in the management?**

**Mr. Selvaskandan:** I wanted to touch on it but didn't because some would be critical about that. Thanks for raising that now. A Valuer is not at all involved in vertical or condominium development in Hong Kong. Neither Valuer nor Surveyor is involved. The reason is this that when you have an Authorized Person, who is an officer of the government as well as the architect for the development the entire responsibility is given to him. An architect is the only person who will know inside out of the project. Every nook and corner of the project – what is there and what is not - So when that person certifies as the GFA, this is the next area of development, this is how the common elements are attributed each and every apartment and we stop there. You have to understand that from the time you get your seat you are given 4 months to get involved in this process, as Mr. Nayana Mavilmada earlier said, this is costing money for the developers, for the buyers who are unable to occupy the premises till its completed, so we have created certain procedures which are not necessary in the regulatory framework in which we do the projects.

We get a Valuer involved at land stage to access for lending facilities. In HK most land are on leasehold and sold by the government so the valuation is determined there itself. So therefore there is no need for a Valuer to intervene.

**Is there a mechanism in HK for that?**

**Mr. Selvaskandan:** Yes. The simple mechanism we use, the entire land and the building say is allocated for 1 Million shares, now each and every apartment and the car park is allocated with x number of undivided shares may sum GSA of that apartment and car park is what will be used to determine how much land will there be without chaos. If a 2000 sq ft is the size of the apartment is given 25 undivided shares and the owner of that apartment will have that 100 undivided shares interest when the building is created on that land. Say if the building is destroyed for some reason for him to get something it is the number of undivided shares that its calculated. If you sell the land for Rs.1 million it will be divided by 100,000 shares and multiplied by his 25 shares to get his amount.

**How do you ensure that you will not run in to negative equity?**

**Mr. Selvaskandan:** We have seen this situation. The building is insured and once its destroyed, the common insurance policy that you have on the building and you get your share by replacement value of that building. Then the land prices never depreciate anywhere in the world on the general cycle. The owner may not get 100% but about 80% of the land value. As all buildings are insured for the replacement value and that premium component goes in to the management costs so the owner contributes to it and will reap the benefits for that insurance policy of the project.

**Vijitha: I want to know if I have the money to purchase a good apartment I want the assurance whether I will get my money's worth and whether this apartment is done subject to all specifications and regulations?**

**Eng. Capt. Ranjith Gunatilleke:** The prospective buyer should get hold of the person who knows the bio data of the project, who is the architect, who is the structural consultant, who is the MEP consultant and you should know the developer and his background also and then you must give some points giving consideration to the money you are going to spend. That's the best way. You should better check whether the developer got all the permits. Some developers go for construction even without the permits. You have the right to ask before you buy.

**Ramanayake: I want to direct this question to Gp. Capt. Kolitha. I am living in an apartment of 20 stories or more and there are no sprinklers in that apartment. What can the owner do at this point of time?**

**Gp. Capt. Kolitha Sri Nissanka:** These are some problems what I spoke to you earlier. These regulations which in 2018 clearly outline these guidelines. The 2006 edition did not have sufficient reference or requirements for sprinklers for these apartments. Now there are apartments without, not only sprinklers but even without smoke detectors. So certain management committees arrive at agreements and they improve their systems. They put on additional detectors on the system but sprinkler is a question but then management committee has to agree that they will install the sprinklers and work on it. That concern is there. One particular project had 4 stages. First stage didn't have smoke detectors but the others have. The first stage was done 8 years ago and the occupants complained. Somehow they got the finances and started pitting up detectors. So that's how you have to look at it.

**In Sri Lanka civil code there is no liability on defects. The CMA should incorporate that amendment. Because in other countries up to 10 years the contractor has the responsibility to attend**

**to any defect. According to the Sri Lankan Condo law who is responsible for defects? There is no law in the civil code to take action.**

**Mr. Tissa Perera:** You have to write to complain about it to CMA so that we can conduct the inquiry. Then we can give the order to solve the dispute or you can go to courts.

**Eng. Wijeratne:** What Mr. Tissa Perera said was that CMA has the power to investigate and make an order.

**Eng Ranjith Gunatillake:** I understand what you spoke about. Normally, these skyscrapers the defects liability period which is normally 1 year, many ask this is such huge construction why defects liability is limited to 1 year. To my knowledge in the other countries they have a defects attendance period by the contractor for a much longer period say from 5 to 10 years. In that, when they call for tenders they ask have to ask the contractor to price that as well. Then the contractor takes an insurance cover for that additional period to cover that. Now this is being considered by the property developers to do that because the prospective buyers can see the after sales period and for how long this period is stretched, but your end price will go up. It will take time, as it is now, the contractors here give only one year, so I would like to suggest to incorporate some clause to the Condominium Act.

**Mr. Tissa Perera:** In addition to that I will add this section - Now according to the CMA Act 24 of 2003 as complaint by purchaser as regards the common amenities listed owner. On a written complaint written by the owner of a condominium parcel of the condominium authority registered under the registration of that agreement. Without the certificate relating to the standard of sub condo parcel registered owner to has to be issued the empowerment to take action. So like that in terms of a written complaint we can inquire it.

**Eng. Gunatilleke:** Most developers are requesting for an Act for specialized applications like lift installation, waterproofing, where people are asking for a 10 year warranty from specialized contractors.

**I would like to know from Mr. Mavilmada about their projects. Lots of projects like that are coming up in Sri Lanka. Most of the projects get delayed. I want to know why such delays happen. Is it the presales? Labour issue in Sri Lanka? What is the major scale of it in Sri Lanka?**

**Mr Mavilmada:** It's hard to generalize and say what delays certain projects because there is a whole range of reasons. Some of those are obviously construction related. Maybe you are referring to some projects seem like there is a bit of a standstill because the sales have slowed down which is a bigger concern. I cannot speak on behalf of any of the others and because I am now aware what's going on. This is a matter of concern. Selva also spoke about this. As to how you ensure the protection of the customers when the project cycle is some 4 to 5 years is to make sure that the developers have pockets deep enough even to deal with a downturn and come out the other end. I think regulations are relatively weak on this front. So for example we don't have a regulation for escrow accounts. Some developers voluntarily put in an escrow account – we do that for example but it's not required by the law but we do it, The regulations must come up to date in Sri Lanka to give the consumer better protection. That is partly the reasons why this happens.

I want to ask this question from Mr. Mavilmada and Eng. Major Ranjith Gunatilleke with regard to the 'Authorized Person'. Mr. Siva said in Hong Kong there is an authorized person who takes the responsibility for a condo project. But in Sri Lanka most developers go through foreign architects. In that case the role of the Sri Lankan professionals it's possibly a joint venture as per the government legislation. In that case with the current market how do we define Sri Lankan security for the foreign influence coming with the technology and at the end of the day it's a marketing aspects also. As far as we know it's not properly defined as to who this authorized person who will take the responsibility ultimately? Initial beautification will be done by the foreigners while the locals will follow on taking the role and go with the developer or apartment owners who will buy the apartments. What is your opinion and how are we going to secure the Sri Lankan provision?

**Mr. Mavilmada:** Eng. Ranjith Gunatilleke will have a better perspective than me. There are two levels in the overall design and development process. The initial conceptual design, yes lots of developers use foreign architects for concept development. But we are required by law to have the local architects involved in the design development process and to certify drawings per se and take on responsibility and compliance for all regulations locally, going in. It's a market driven spectrum of how much of local and foreign collaboration we utilise. But at the end of the day you have to have, a suite of local consultants locally registered, licensed consultants for structural, MEP, architecture and everything in Sri Lanka. Local professionals have to be a part of any project done in Sri Lanka.

**Eng. Major Ranjith Gunatilleke:** To add to what Mr. Mavilmada said, to protect the local consultants there will soon be a CIDA Act (regulation) we will pass in the near future that we require foreign consultants operating in Sri Lanka to have Sri Lankan counterparts would become a Sri Lankan requirement. You are correct. Hong Kong has a professional engineer or an Authorized Person (AP). In Sri Lanka it's a requirement and there's a regulation coming through CIDA and the registration will come as Qualified Person. Only professionally qualified persons will be registered there in identified works be it any construction work be it private or public. More than two stories, residential or non-residential, coming as identified works. Those works will always be certified by architects and structural engineer or building engineer. All our Sri Lankan professionals involvement is necessary for the simple reason, I feel those professionals maybe more responsible because they belong here. CIDA is a prime objective is to protect Sri Lankan professionals.

**Mr. Mavilmada:** I would like to add one thing – there is a difference between protection and competing. I think taking responsibility for a building, ensuring the structures are on a good base absolutely we must have a local licensees, registered people who are close to the product. Design I think should be a competition. I mean who is to decide whether it's going to be pink or blue, or whether you should get a world renowned architect or someone else, is a market call. So I think there should not be a protection on design but on licensing and registering absolutely.

**This is for Mr. Tissa Perera. I want to know once a purchaser buys a condominium property, does it mean that absolute rights are being transferred to the purchaser or is there or part of the ownership is retained with the developer or Management Corporation and the condominium property law is a substance of a Sri Lankan property law or is it a special type of law?**

**Mr. Tissa Perera:** Condominium law is a special type of law.

### **The ownership transferring is it full ownership?**

**Mr. Tissa Perera:** Any person can transfer to a third party. There is no adoption.

**Eng. Major Ranjith Gunatilleke:** I must finish that question. I think your question is When you buy a condominium property – simply an apartment – how do you have the ownership? Just like in another property you have the ownership by deed which mentions your square foot area, the number and car park if any and that you are co-owner for all the common properties. But the issue I am not very clear but you can sell it to another party by the same deed like any other property - normal transfer – but the time that you are going to demolish this condominiums, whatever the monies left behind for the value of land or how it is going to be distributed I am not sure about. But there is a specified system how this is distributed among the owners.

**Tissa Perera:** But depends on the share value.

**Eng. Major Ranjith Gunatilleke:** The difference between a condominium deed and a normal deed is normal deeds have 4 boundaries but in a condominium deed you get 6 boundaries and common facilities also.

**If the purchaser wants to sell the condo to another person is it okay? Is it the normal way we sell other properties?**

**Eng. Major Ranjith Gunatilleke:** In case you want to sell it you can just transfer.

### **The management that's controlling that condominium has no involvement?**

**Mr. Tissa Perera:** In the common law you can transfer to a third party. But you cannot dispose the common elements. That is the special condominium law.

**Eng. Major Ranjith Gunatilleke:** That means you cannot sell the passage

**I am from Ministry of Housing and Construction, Additional Secretary Alahakoon. I want to give some comments regarding this discussion that is regarding construction. I think Mr. Ranjith also commented on these. In a construction worth Rs.10 Million is done by a qualified person. That is construction or a design. That means all the engineers, architects, quantity surveyors must be qualified persons. There is a provision in the CIDA Act that the foreign consultants and foreign contractors also have to be registered. We are in the process of doing an amendment. For property developers too there is a provision in the CIDA Act. We are in the process of doing that regulation at the final stage. We are thinking of identifying the developer's qualifications, their staff and who will do the construction etc. There are some guidelines included in the draft in this relation and in the near future we will be able to publish that one.**

**Eng. Major Ranjith Gunatilleke:** The value of identification works. Is it in the amendment?

**Alahakoon:** Yes it's in the amendment.

**Eng. Major Ranjith Gunatilleke: Now its 10Million?**

**Alahakoon:** Any public work, yes.

**Eng. Major Ranjith Gunatilleke:** We have to understand what Ms Alahakoon said that in the condominium developments that is a developer. There is a builder we call the contractor. Then there are the consultants. Consultants are responsible for the design, right? They are also responsible to supervise the construction. The contractor is responsible for the construction. So there are 2 parties who are responsible for the development. The developer is responsible for employing the right people to do the design and the construction. You have to understand this equation has to be property balance for you the build a proper development.

**Its about the ownership of foreign people. Foreign people can buy apartment units only above 4<sup>th</sup> floor. Is there any gazette notification on ownership for foreign people? Is it the number of floors or a budgetary concern? Was that a gazetted law?**

**Mr. Tissa Perera:** Yes that was a gazetted law.

**Eng. Major Ranjith Gunatilleke:** Earlier it was above 4<sup>th</sup> floor but now it has been removed

**So it is not in effect now?**

**Tissa Perera:** If it's for FDIs

**This question is for Mr. Mavilmada. Going back to your comments on design competitions. Who would decide on the design assessment in your opinion then? In terms of risks, it is a competition and an international player comes in to the fray without knowing much about what's going on in the country.**

**Nayana Mavilmada:** So here's the thing right? The early stage of a project, Philip is more qualified to answer this question, is a purely creative process. As you go further to develop the design it will require a lot more vigour, regulations and requirements and so on. In any kind of competition run locally (we have run locally) we give the full set of regulations, give the foreign architect these are the regulations whatever your creative stuff within these bounds and also within financial bounds we think is viable. But then there is a much more detailed process that goes in to design for construction and at the early stage it doesn't have to be fully complete. No point at that stage.

**Eng. Nissanka Wijeratne** acknowledged that there were no questions coming forth, possibly, because all have clarified their issues, he said adding that today we had a very long session comprising 8 presentations on interesting topics with video interludes by our seminar sponsors. We had a Q & A session of much more than half hour and I believe this was interesting and useful to the participants. I would like to thank all the sponsors, the speakers and all those who attended this seminar. After the presentation of tokens to our honoured speakers, please enjoy the refreshments. Thank you very much for your presence.

**Capt. Lal Tennekoon** Dep. Secretary General, CCI Sri Lanka

On behalf of the Chamber, Capt. Tennekoon conveyed deep appreciation to the speakers and the panelists who made stimulating presentations and called upon them to kindly accept a token from the Incumbent President of the CCI Jayantha Perera and the Vice President Mr. Mahanama who joined the Chamber CEO and Secretary General of CCI Eng. Nissanka Wijeratne to give away tokens of appreciation to the speakers.

Following that there was a 'surprise' item arranged by Sri Lanka Telecom so the Panelists were kindly requested by Capt. Tennekoon to remain on stage. There was a raffle draw conducted by SLT and he requested the president of CCI Eng. Major Ranjith Gunatilleke to draw the winning ticket. Mr. Imantha Wijekoon, Chief Sales Officer of SLT was called upon to the stage to handover the prize to the winner. The winner was Chanaka Ratnayake, AGM Finance and Special Projects of George Stuarts Engineering. We finally come to the end of the session declared Capt. Tennekoon and called the audience to join in the fellowship to 'Wine and Dine' at the tables laid out for them. He thanked the team who worked with commitment behind the scenes to ensure the success of this seminar and all the sponsors who stood by with CCI, as always and all those who participated, without whom the event would not have been complete.

Future of Condominium Living was the vibrant theme of the seminar and the talk of the town today. The seminar content kept the pulse beat flowing at a high. There were major concerns that were addressed

One speaker waxed eloquent on the ramp of in-condominium development, swearing it's the only sustainable way forward and inevitable, for the middle class young people in Sri Lanka. Another discovered that our tropical islanders are calling for unique, distinctively Srilankan green, airy, open space ideals in skyscrapers to entice them in to condo living.

Looking at the heart of Colombo: it's literally a developer's playground wetting their aptitude in a vertical frenzy, moved by the freedom of creative passion to soar where the eagles dare. Escalating down to ground views, we encountered errant developers jumping the loopholes of lapses in laws feeling like the circus tiger that jumped the ring of fire.

To safeguard the safety of unsuspecting condo purchasers it is deemed necessary to either right the law or write it all over again. Better still to dress the regulator in a new suit or add the missing bows, buttons and frills. Literally the flaws and short comings in the law needs to evolve to feed the growing demands, fast and furious, before accidents occur.

Sri Lanka is unique in the way we lend. We find financiers forcing borrowers against the wall, when not up the wall. It's ironical that they drive young graduates with a job, to rather live in a car than a home. It's a major concern that needs to be beaten in to shape, to suit the needs of the people.

Then we encountered the Smart set – Smart Phone, Smart Home and Intelligent building. Now its fingertip controls for your phone, home, business or 80 storied high-rise. From ground to sky high, Wi-Fi is free with Fibre Everywhere. But infrastructure is exorbitant.

The cherry topping would be when a brand new Port City is served on a platter to be co-created at par with 'Amazing Singapore' and 'Awesome Dubai'. What do we call Sri Lanka now? 'Soar, Sri Lanka!' with a tagline – Expect the unexpected

Condo Living is inevitable. It gives you awesome bird's eye view. Enjoy but safety first. Because being human sans wings, we are going where the birds go, to live in the sky.