

Inflated Buildings

Over the past twenty years, the Consumers' Foundation has seen the number of its complaints rise from 10% in 1982 to around 50% in 2009. Real estate pricing is currently based on registered building area, which includes public facilities, the attached structures (balcony, awnings, etc.) and other unusable spaces, thereby inflating the total gross area and infringing consumers' rights. A gap between registered building area and that shown on the Building Management License provided a loophole for construction companies to issue false reports. (Case no. 0980800436)

The Ministry of the Interior has been lenient on growing lapses in building registration, including the lack of reasonable and adequate regulations for setting criteria for common parts, distribution of rights, the proportion that all residents in the building should own, solutions to failed negotiations or disputes among clients over their registration rights, calculation criteria for the building's public facilities, and errors that occur during housing transactions, among others. In fact, existing standard contract allows a marginal error of less than 1% in calculating building area. The error stems from using "main structure" and "registered gross building area" as pricing criteria, in which the former is usually smaller than the latter. This creates a loophole whereby construction companies could include non-living spaces to make up for the reduced area of the main structure.

The Control Yuan has urged the Ministry of the Interior to assess existing pricing mechanism to decide whether accessories, public areas, and the main structure should share the same unit price. The Ministry will also assess the feasibility of a pricing mechanism based solely on the main structure (actual living spaces in square meters). By listing them separately, the new mechanism distinguishes between the main structure, the accessories and communal areas. It also specifies the ratio of the main building area to the total registered area and no longer allows a margin error of 1%. The new regulation took effect on May 1, 2010.

As for ownership registration, in addition to the items specified (i.e. communal area, total building area and ownership coverage), the new mechanism assigns a serial number to the communal area to identify content items and ownership of the main structure currently in use. The new mechanism excludes the issuance of ownership certificate. The Ministry of the Interior has issued a letter to cities and counties around Taiwan, urging local authorities to ensure honest registration and disclosing the real size of the communal areas within the individual building in question.