

PM: Don't push up prices

By Manan Osman

KUALA LUMPUR, Sat. — Builders and investors should not exploit the strong demand for houses to make excessive profits, Prime Minister Datuk Seri Dr Mahathir Mohamad said today.

He said although the country practised free economy, they should not take advantage of the situation to indulge in speculative activities as the increase in house prices would contribute towards inflation.

"While the Government controls the cost of low-cost houses, developers should at least control the prices of medium-cost homes," he said.

"This is because we do not want to see the 'middle class' in Malaysia monopolise low-cost homes because they cannot afford to buy medium-cost houses."

Dr Mahathir was speaking at the opening of the Mont' Kiara Pines and the Mont' Kiara Palma condominium tower blocks. The condominium projects are developed by Sunrise Berhad. Dr Mahathir also launched Phase One of the Mont' Kiara International School.

He said recent reports on the "abnormal" increases in the price of houses and business premises in major towns, could be due to the irresponsible action of certain quarters who took the opportunity from the country's buoyant economy to speculate on the property market.

He said in the Klang Valley, the prices increased by 30 per cent between the end of 1993 and mid 1994, compared with the annual increase of between 10 and 20 per cent.

However, he said the increase could also be due to other factors such as better income and purchasing power, easily available housing loans, investment purposes and the increase in house rent.

The Prime Minister said the Government would continue with the housing development programmes aimed at providing sufficient number of houses to the people.

He said the RM2.6 billion allocation for urban housing schemes announced recently was to improve the standard of living of the lower income group and avoid "housing congestion" and illegal settlements.

"We do not want to see city residents living in slums and shanty towns or ghettos like they do in some major cities in other countries while only certain groups enjoy the luxury of living like in this condominium area," he added.

Dr Mahathir also said that the construction sector, including the housing industry, had a bright future if the country's economy could be maintained at the present rate of growth.

He also said that population growth, increase in per capita income and rapid urbanisation process were important factors that could influence the future growth of the housing industry.

He said in line with the demand for more houses and infrastructures including transport, the concept of human settlement should be linked closely with the future industrial scenario.

The Prime Minister said the developers should review their approach in building construction, taking into consideration the environmental factor, safety, comfort and the residents' quality of life.

He said preparation for homes should be viewed as an overall settlement concept with facilities such as an efficient transport system, social and recreational facilities and economic activities.

Dr Mahathir said the implementation of housing programmes in the context of the nation's development depended largely on the

contribution of the private sector.

The private sector has all the necessary resources such as capital, efficiency, property and workforce while the public sector was responsible in ensuring the implementation of the housing industry in line with Government policies.

Speaking to reporters later, Dr Mahathir said at the moment the Government did not have any mechanism to control the prices of land which had resulted in the escalating price of houses especially in the Klang Valley.

However, he said the Government did not intend to

introduce legislation similar to the one imposed on low-cost houses, where each development must have a stipulated percentage of low-cost homes.

He said there were also people who owned small pieces of land which could not be developed under the integrated system.