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LEAD Mahathir-House

LOW-COST HOUSE PRICES TO VARY ACCORDING TO LOCATION

SERENDAH, Oct 19 (Bernama) -- Prime Minister Datuk Seri Dr Mahathir Mohamad said today the prices of low-cost houses will in future be fixed according to the location.

He said the government felt that the RM25,000 ceiling set more than 20 years was no longer realistic because land prices and the people's income had increased.

"We try to maintain it (RM25,000) although it is unrealistic. Just look around and you'll find that there is no product in Malaysia that has not seen price increase in the past 20 years or more. The earnings of the low-income group have also risen," he told reporters after inspecting the Taman Bunga Raya low-cost housing project in Bukit Beruntung, near here.

He said the government might maintain the RM25,000 price for low-cost houses in small towns and the rural areas but it was likely to be higher in cities like Kuala Lumpur.

However, he said the government would continue to keep the new prices of low-cost houses at reasonable levels to ensure that no one would feel exploited, especially the lower-income group.

Dr Mahathir said land price in urban areas like Kuala Lumpur had shot up to about RM200 per sq foot while in the outskirts of certain places in Selangor it had reached RM100 per sq foot.

With the increasing land price, it was impossible for the government to force developers to continue selling low-cost units at RM25,000 each, he said.

"If it costs RM25,000 just to buy the land, how can they build low-cost houses? Even if the price is raised to RM30,000 it will not reflect the actual cost of low-cost units because it has been subsidised by the government," he said.

He said the people should realise that no other country was selling low-cost houses complete with various facilities at RM25,000 like was being done in Malaysia.

"You can go to any country and compare the people's income and the low-cost houses, they are not of this standard with three rooms, two bathrooms, kitchen and many other things, all for only RM25,000. We may not be able to get it even if we are to build the house on our own," he said.

Dr Mahathir said the government did not mean to drive away the low-income group to the rural areas by proposing the new pricing mechanism.

"If they wish to stay in the heart of Kuala Lumpur, they have to pay for it. There is no way to rent houses and buy shops cheaply in the heart of town," he said when asked on the effects of the proposal on low-income earners as they cannot afford expensive houses.

Rural areas would also become townships one day as towns expand and move closer to the rural areas, he said.

He said the process of urbanisation would result in the property of low-income people also appreciating and only then would they realise that the government's move offered them better benefits in the long run.

"Does that mean deceiving the people or doing something unfair to them?" he said.

Dr Mahathir said the government would not control the prices of other types of houses in efforts to encourage developers to build more low-cost units because these other houses would determine whether they make profit or otherwise.

"We cannot force developers to build low-cost houses and let them suffer losses. Others have to pay," he said.

Others who can afford it would have to pay for the higher prices charged for other types of houses but the prices would still be determined by the supply and demand factor, he said.

Dr Mahathir said the government did not plan to ensure that everyone can own a house but would make efforts for everyone to have a roof over his head, whether by renting or buying the house.

He said it was nonsense to think that house-owning democracy should be implemented in Malaysia because no country could do it.

Dr Mahathir also witnessed the signing of a memorandum of understanding between Akademi Binaan Malaysia (Selangor) Sdn Bhd and Holmesglen Institute of TAFE of Melbourne. It is to help the academy provide formal training in several areas of construction.

Also present were Selangor Menteri Besar Tan Sri Muhammad Haji Muhd Taib and Datuk Haji Mustapha Kamal Abu Bakar, executive chairman of MKN Holdings Sdn Bhd, the company developing the Taman Bunga Raya project. --
BERNAMA

AH YBY