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Mustapa-Property

GOVT MULLS BETTER PROPERTY MARKET POLICIES

KUALA LUMPUR, Dec 12 (Bernama) -- The government hopes to come up with better policies in the property sector to ensure, among other things, fair prices to buyers, Second Finance Minister Datuk Mustapa Mohamed said today.

To this end, he said, the government was looking at formulating some kind of legislation making it mandatory for all those involved in the property and construction industry to furnish relevant information to the agency.

Such information could be compiled by a central government agency for the industry whereby it would facilitate a better control mechanism in the property sector, he said.

Mustapa said the establishment of the agency was being looked at by Bank Negara Malaysia and the Ministry of Housing and Local Government.

Asked whether there would be some form of a price control mechanism after the legislation is in place, Mustafa said: "It is too early to say".

"We hope that steep price hikes as in the last few years are a thing of the past. We hope that in the next one year, prices will not increase," he said when asked whether property developers were greedy in raising prices excessively.

Mustapa said this at a news conference held after the launch of the one-month "Home Ownership Campaign" by Prime Minister Datuk Seri Dr Mahathir Mohamad.

Also present was Deputy Housing and Local Government Minister Datuk Azmi Khalid, Housing Developers' Association Malaysia president Datuk Eddy Chen Lok Loi and Association of Banks in Malaysia chairman Datuk Amirsham A. Aziz.

Mustapa said that the agency would then be able to monitor the demand and supply of units, compile relevant statistical information, funding availability, hotel rooms being added to the system, and others.

"There is not a single agency with all the relevant information on the property development industry.

"As a result, policies for the development of the sector were not well developed due to a lack of information," he said.

"Current prices will prevail so that houses will be affordable. In future, some mechanism will have to be put in place so that we don't have a repeat of what happened in the last property boom," he said.

At this stage, however, he said the month-long campaign was "important to get the system moving again, given the importance of the sector towards overall economic growth."

He said that up to 40 per cent of the non-performing loans in banks comprised loans to the construction and property sector.

"Within that context, it is urgent to address this issue and therefore we (the government and the private sector) have to respond urgently," he said.

Responding to suggestions that developers were greedy in raising prices excessively, HDAM's Chen said: "Certainly there has been profiteering all round including by speculators".

However, he said, the blame was not totally on developers for buyers too demanded property units forcing developers to open up additional phases although units might not have been available then.

"If we have a proper information system and can rely on it to make decisions, I think the same thing will not happen...there would be no need

to force developers to sell more.

"Everybody was carried away, with the easy credit etc, but with proper information, we will know whether there is an oversupply which will help eradicate the boom and bust cycles and price gyrations in the property market," he said.

Azmi meanwhile said that there was a proposal to regulate housing developers to ensure that only those who were qualified could enter the industry.

Previously, he said, "everybody can jump into the industry, even those not knowledgeable enough about land conversion to construction, certificate of fitness, condominium units and getting land titles."

Under such a situation, "people who have paid money for houses cannot move in because houses were not completed," he said.

"Buyers must pay to banks monthly instalments, are forced to rent out, all because developers don't follow through enough and projects are stalled at the last end," he said.

He said that "developers' excuse is the economic downturn but even during the boom, this happened."

"So now, we are re-looking at how to regulate this. With the introduction of controls, we cannot allow just anybody to jump in. In order to jump in, you must qualify in some form," he said.

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