

24/10/1999

Opportunity knocks twice

"WHEN the facts change, I change my mind. What do you do, sir?" snorted Keynes when chided for altering his views. Many, who predicted abandoned construction sites, rusty steel frames of uncompleted high-rise and forlorn houses awaiting occupants that will never arrive, were forced to revise their opinions when the month-long home ownership campaign last December saw as much as RM3.8 billion worth of properties sold.

As anywhere else, the property sector is most vulnerable to the boom-and-bust cycle. Prime Minister Datuk Seri Dr Mahathir Mohamad did not mince his words last December when he spoke of the RM80 billion overhang in the sector. It was a colossal sum of money. Reviving an ailing sector in a economic slowdown is a daunting task which most Governments shudder to do. But where there is a will, there is a way. The campaign was an innovative marketing tool which succeeded in rising above gimmick and hype. Apart from the attractive sales-promoting incentives, the collaboration of developers, financiers and the authorities made house-buying almost as easy as ABC.

This resounding success may well be replayed in the next campaign which will commence on Oct 29. There is a discernible difference to this year's campaign. Held nationwide, it will see the participation of more than 300 developers with an offering of 50,000 property units, the bulk of which are residential properties and cost less than RM200,000, totalling RM9 billion. Developers have acceded to the request that affordable houses within the bracket of less than RM200,000 be offered during the campaign. The range of incentives, too, are better than that in the past. Prospective buyers will be heartened to know that there will be instant confirmation on eligibility of Treasury loans for government servants and instant approvals by the Employees' Provident Fund for withdrawals. It is obvious that the developers have learnt the lesson from the previous campaign well - in helping buyers, developers also help themselves.

But there are several legitimate concerns. It is no secret that only the medium and high-income earners are able to reap the campaign's benefits. Those from the lower-income group, however, cannot possibly dream of owning a house which costs between RM80,000 and RM100,000 - not even with a five per cent discount. More low-cost units, including those which cost less than RM80,000, should be put on the platter so that the home ownership campaign will be truly democratic.

The question of pricing has always been a thorny issue. Today's prices do not reflect the hard times. First Finance Minister Tun Daim Zainuddin has urged the developers to be content with smaller profit margins. But very few are doing this. Some bring down prices to sustain the level of business only to compromise on quality of materials and workmanship. But discounts by five to 10 per cent and waivers of legal fees do not translate into lower pricing which is reflective of the slowdown. A home ownership campaign, which precludes a larger participation by the lower-income and counts on funding incentives by the financiers more than actual discounts on purchase price, are no more than a warehouse with a massive display of dwellings without warehouse prices. True, it is ridiculous for developers to sell at dirt cheap prices but surely, they can offer realistic prices. It has been repeatedly exhorted by the Government that developers must be innovative and use local materials. A little ingenuity will go a long way in lowering the prices.

The proposition by the Housing Developers Association in its national budget memorandum for the establishment of a National Housing Corporation has merit. It will ensure competitive prices, industrial efficiency and self-regulation - factors which translate into affordable housing. Its suggestion that EPF's withdrawals from Account Two be increased to 50 per cent and extended to the purchase of a second house for investment purposes deserves attention. It's high time we adopted an innovative approach for a democratic home ownership.

(END)