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Cost of houses could escalate

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With the amended Housing Development Act now in place, the Real Estate and Housing Developers' Association (Rehda) predicts that the cost of residential properties will soar by 15 per cent to 30 per cent, due to "complying" costs.

Rehda president Datuk Eddy Chen Lok Loi said with the new amendment, developers will now have to be extra careful in their work. He said in order to comply with the Act, developers would have to employ more reputable professionals such as architects, managers, contractors and supervisors to complete the construction of properties to ensure quality products.

"This extra hiring will cost money and will be passed on to house buyers," he told PropertyTimes.

The Act, which was gazetted on Jan 31 this year, is aimed at providing better protection for house buyers because new provisions in the law now require developers to have sound financial standing.

In addition, there is a five-fold increase in fines of up to RM500,000, an increase in developers' deposits and continued liability for developers even after their licences have lapsed.

To ensure speedy remedies for house buyers, a housing tribunal has been established, comprising a chairman chosen from the judiciary and five members picked from those with minimum seven years of legal practice.

The tribunal is empowered to hear cases no more than RM25,000 and will assist house buyers in making claims against developers.

In describing the Act as "unfair" and "draconian", Chen said one man would sit on the tribunal whereby its decision is final and there is no room for any appeals.

"The maximum sum awarded is RM25,000 per buyer. The sum can go into millions if there are 100 buyers," he said, adding that if a developer failed to pay the sum, the developer would be jailed.

He said the association had appealed to the Housing and Local Government Ministry several times to reconsider this clause but to no avail. Thus, he said developers now had to be very careful to ensure that they delivered the goods and that they are financially strong.

Chen also made a similar appeal to the Ministry on March 4 during a press conference to announce the Malaysia Property Expo 2002 (Mapex 2002).

The national-level expo will be held from April 25 to 28 at the Mid Valley Exhibition Centre (MVEC) at Mid Valley Mega Mall, Kuala Lumpur. Prime Minister Datuk Seri Dr Mahathir Mohamad is expected to launch the event.

The expo will also feature other relevant services, particularly from financial institutions, government agencies and building materials suppliers to provide complementary services to prospective buyers.

Visitors to the expo will be able to view all types of residential properties under one roof and enjoy substantial savings. It will also be held in various states on dates that will be announced soon.

Incentives in the form of stamp duty waiver will be available to buyers for transaction of residential properties registered with Rehda, Sabah Housing Developers' Association and Sarawak Housing Developers' Association. The waiver is only applicable for residential properties sold between Jan 1 to June 30 this year.

Depending on the value of their purchase, prospective buyers can save

between RM2,000 and RM50,000, if they acquire properties during the expo period. Developers are encouraged to give discounts or goodies on a voluntary basis to ensure that properties offered are priced attractively.

For more information call Karen Seow of Rehda Secretariat at 03-78808000.

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