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Wish come true

Eileen Ng

BUILDING

Developers heaved a sigh of relief when they heard the Budget proposals on housing: Their long-awaited wish - for the government take over the construction of low-cost housing - has finally been heard and acted upon.

Prime Minister and Finance Minister Datuk Seri Dr Mahathir Mohamad announced in the Budget 2004 proposals that in lieu of developers building their 30 per cent low-cost housing obligation in their projects, they could alternatively pay a contribution to national housing vehicle Syarikat Perumahan Negara Bhd to undertake the task. The quantum is yet to be decided.

In an immediate reaction, Real Estate and Housing Developers' Association (Rehda) president Datuk Jeffrey Ng Tiong Lip said developers would now have the opportunity to build what the market wanted, against erecting low-cost units that have no ready demand.

Rehda immediate past president and Metro Kajang Holdings Bhd managing director Datuk Eddy Chen Lok Loi said the proposal was a good option for developers, especially to those who were incurring losses in building low-cost housing.

Chen said the option should be market-driven and on a willing-buyer-willing-seller basis, meaning that if a developer wanted to build low-cost houses because a profit can be made, then it should be allowed to do so, and vice-versa.

LBS Bina Holdings Bhd is one company which does not want to give up the building of such units.

"Contrary to popular belief, the construction of low-cost houses can actually yield a profit, depending on the land cost," said group managing director Datuk Lim Hock San.

"If the (land) cost is high, developers would have to subsidise the construction, but if it is cheap, a profit of a few thousand ringgit can still be made from each unit."

However, he said if the land allocated in a developer's site for low-cost housing could be used to build other types of properties, and the low-cost element could be built elsewhere, then the company would not mind giving a contribution to the Government.

On the amount of levy that developers should pay to the Government, Metro Kajang's Chen said Rehda was doing a survey on the matter and that the findings would be ready soon.

United Malayan (UM) Land Bhd general manager of marketing Lau Boon Ann said some developers would rather, on top of giving a portion of their land to the Government to build low-cost units, pay the contribution as it would solve numerous problems.

"Developers would then be free to concentrate on the other aspects of their development, without having to worry about selling low-cost houses and going through the numerous levels of red-tape associated with it," Lau said.

Sunway City Bhd (SunCity) managing director Datuk Wong Choon Kee concurred, saying that developers could now concentrate on building properties according to market demand.

"The building of low-cost houses should always be the Government's responsibility," he said.

On the mechanics of the proposal, Wong said besides understanding the

method to calculate the contribution, he also wanted to know if it involved utilisation of a developer's site.

"Once we pay, does it mean that the Government will build the low-cost units on our land, or elsewhere? This matter is unclear," he said.