

30pc affordable housing quota in Bayan Mutiara sale, says Guan Eng
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By Shannon Teoh

KUALA LUMPUR, April 1 — Those seeking affordable housing in Penang will benefit from the RM1.1 billion sale of 103 acres of prime land in Bayan Mutiara to Tropicana Ivory Sdn Bhd (TISB) as almost one out of three properties being built must be low to medium cost, said Lim Guan Eng.

The Penang Chief Minister told The Malaysian Insider that TISB must ensure 30 per cent of residential property built must be low-medium cost (LMC) valued at between RM72,500 to RM220,000, apart from proceeds of the land sale being channeled to a RM500 million rolling fund for state-built low-cost houses.

“No exemption. They are required to build 30 per cent on the island, not mainland. Of course, they can build outside Bayan Mutiara, but they have to find land, so it will most probably be there,” the DAP secretary general said.

Consumer groups, politicians and observers have criticised the state government for ignoring the lack of affordable housing on the island by approving the RM10 billion Penang World City to be developed on the site.

Booming capital investment since Pakatan Rakyat (PR) took over in 2008 has seen Penang beat other states in terms of manufacturing investment for two years running but brought with it surging property prices and increased traffic woes.

But TISB has only announced that 15 per cent of the 800 to 1,000 high-rise units for the first phase will be priced between RM300,000 and RM500,000, depending on the built-up area which ranged between 600 sq ft and 800 sq ft.

Subsequent phases for PWC will also see 15 per cent of the properties priced in the affordable range of between RM300,000 and RM500,000.

The DAP-led administration has also come under heavy fire over the sale completed at the end of 2010 for RM240 per square foot (psf) that Barisan Nasional (BN) leaders say was below a market price of RM420 psf.

Lim (picture) has insisted the federal government’s valuation and property services department valued the land at RM65 psf in November 2009, just five months before it was up for open tender in April the next year.

“I fixed a reserve price of RM200, three times the price. I was just putting a bet because I had confidence in Penang. But if you think you can sell at RM420, I give it to you. Put your money where your mouth is,” he said in the interview.

He added that TISB was only being sold 70 acres while the company would have to pay the cost of reclaiming another 30 acres of land, meaning the actual price per square foot was even higher.

The Bagan MP also denied claims the state government was "financing" the project, 55 per cent owned by top developer Dijaya Corporation, by allowing it to pay the RM1.1 billion in interest-free installments over five years.

He explained that the original repayment term was for eight years, but "we asked them to sweeten the deal" and reduce the period to five years.

Lim also referred to the deal for the Jelutong Expressway signed in 1997 by the previous BN administration where the state gave IJM Land a RM33 million interest-free grant upfront to be fully repaid only in 2015.

"Who has got cash to pay RM1.1 billion upfront? And this is cash, not shares. For the highway, they gave 300-over acres and RM33 million for a highway. Mine is only 100 acres but we get RM1.1 billion," he said.

He also stressed the RM500 million from the proceeds was sorely needed for the low-cost housing fund as the state plans to build between 12,000 to 15,000 units "providing all amenities including man-made rivers and football fields" in Batu Kawan which will cost up to RM3 billion.

The state has appointed Surbana, which developed Singapore's HDB flats, as consultant for the 200-acre Bandar Cassia Affordable Housing Scheme, to be built in phases over the next 15 years.

Surbana is Singapore's state-owned corporation that oversaw the construction of over a million low-cost flats in the island-state that now houses over 80 per cent of the republic's population.

"We are going to incur losses on this, between RM300 million to RM500 million," Lim said.

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