

**Deeper issues in bulk property purchases**  
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It has been eight days since the four-unit cap on bulk property purchases took effect but property jungle creatures think very little of it. And for good reasons too, if Tiger may add, as the cap does nothing despite its stated intention of curbing investors' clubs. Will the housing minister take stronger action please?

The first time Tiger heard Urban Well-being, Housing and Local Government Minister Abdul Rahman Dahlan speak, Tiger was somewhat impressed.

Here was a housing minister who appeared serious about addressing the affordable housing issue — a refreshing change from his predecessor. So as Tiger listened on to Abdul Rahman's keynote address for the 16th National Housing and Property Summit 2013 in August last year, Tiger wondered what initiatives would be seen as his term progresses.

There was much promise: the controversial DIBS (developer interest-bearing scheme, which promises free interest charges from purchase to completion of property but actually sees the interest costs priced into the total property price) was banned, RPGT (real property gains tax) rates were re-tightened and a National Housing Council — to coordinate the myriad agencies we have for housing into moving in lockstep — was announced during the Budget 2014 tabling. But the four-unit cap on bulk purchases, announced Feb 18 this year and effective May 15, was a let down.

Very early on many have pointed out that the four-unit cap would be nearly meaningless as investors can simply resort to proxy buying. Even if the cap has provisions against proxy buying, how practical would it be to try and enforce that?

And that is even assuming that there are investors keen on purchasing more than two or three units in any single development.

That investor Warren Buffet may have said to "keep all your eggs in one basket but watch that basket closely" but in property it is rarely the case that an individual investor takes a whole block of apartments on his own, for example. Even if the definition of "a

single buyer” is expanded to include investors clubs, these clubs are an informal gathering of like-minded investors and nearly impossible to prove to be such a club.

So how? The four-unit limit rule does nothing at the end of the day. Some may think it is a statement of intent at the very least, but given the rule’s ineffectiveness perhaps not the sort of statement that Abdul Rahman would have intended.

Worse, it misses the core of the issue surrounding speculative buying by these so-called investors clubs — the unethical dealings that goes on behind the scenes.

As noted by an agent that Tiger spoke to, there are even developers who allow speculators to flip properties without having even signed a sale and purchase agreement (SPA). That adds an unnecessary layer of price mark-up that does not even add to the developers’ margins, adding fuel to the fire of spiralling prices.

Even worse, Tiger has heard that some developers out there sidestep the restriction of selling properties before having acquired their advertising permit and developer’s licence (APDL). By right no developer can start promoting and selling their properties before APDL is granted.

And yet there has been cases where developers go to great lengths to sidestep this. Instead of launches, there are “previews”. Those who come and are interested in buying don’t book but “register their interest”. An appointed third party then collects earnest fees from these potential buyers, keeping the funds in trust until it can legally be passed onto the developer.

Combine these unethical practices with the issue of investors clubs creating false demand and we have a pressing issue that requires swift action.

But a four-unit cap is too gentle and too narrow considering the issue at hand. What does it do to unethical developers and the self-proclaimed property gurus — the bad ones, it must acknowledged that there are genuine, well-meaning investors out there educating the masses — leading these so-called investors clubs? Nothing. Business as usual, time to find the loopholes, they might think.

That said Tiger still thinks the housing minister has time to take sterner action. But Tiger also thinks it’s back to the drawing board for Abdul Rahman. The ministry must identify exactly what the core of the issue to be addressed is and most importantly

move strongly against the core problem as well as those perpetuating that problem — let there be no room for doubt that unethical practices would not be tolerated.

Ball is in your court, minister.

GRRRRR!!!!

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