

Govt will not freeze housing development applications

By TOH KAR INN
karinn@thestar.com.my

KUALA LUMPUR: The government will not intervene by freezing housing development applications as a move to address the property glut, says Federal Territories Minister Khalid Abdul Samad.

He said the government would work closely with the developers and guide them accordingly but the ultimate decision lies with the developers.

"It is their (developers) choice if they want to take the risk to build homes that cost a few million.

"I think banks are now also not as bullish on high-end property, as they are aware of the glut in the market.

"So, I think (it is best) to just let the market resolve itself rather than having too much government intervention, which may have a negative effect on investors," said Khalid on the sidelines of the 11th International Conference on World Class Sustainable Cities 2019 (WCSC 2019).

On Housing and Local Government Minister Zuraida Kamaruddin's proposal to sell unsold properties to foreigners, Khalid said the government had to consider selling to them to overcome the glut in the high-end segment if there are no local buyers.

However, he said the campaign should be linked to the Malaysia My Second Home (MM2H) programme.

"We are not just selling to anyone but we



No intervention: Khalid officiating at the conference. He says it is best to let the property market resolve itself rather than having too much government intervention, which may have a negative effect on investors.

will look into the background of the foreign purchasers.

"MM2H candidates would be given priority, as they contribute to the Malaysian economy via investments or job creation," said Khalid.

He further explained that properties that

were left unsold after one or two years would create problems as property sales contributed to the churning of Malaysia's economy.

In addition, upcoming projects would be affected as developers would be lack of funds to initiate development programmes.

Most high-end units were previously developed in anticipation of a property market boom.

According to Rahim & Co International Sdn Bhd research director Sulaiman Saheh, condominiums and serviced apartment units currently represent the most number of overhang units and this continues to be on the rise.

As at the first quarter of 2019, the total residential plus serviced apartment overhang stood at 47,486 units worth RM30.9bil, with Johor remaining as the state with the highest overhang count at 15,130 residential units worth RM11.9bil.

Of the 47,486 residential units overhang, 61% were high-rise units.

Khalid officiated at the opening ceremony of WCSC 2019, sharing some of the challenges in the planning and development of the federal capital of Malaysia in terms of the provision of affordable housing, traffic congestion and environmental concerns.

"The government is, in a way, subsidising the building of affordable homes by giving discounts on development charges and land prices, among others, in the hopes of having more homes below the RM300,000 price tag.

"At the same time, we must also try to increase the income-making capacity of the people living within the city," Khalid noted.

Themed "NEXT: KL2040", the conference explored how KL and other cities in Malaysia can prepare for the challenges towards becoming a world-class sustainable and livable city.