

Rehda urges govt to reduce developers' cost of doing business

KUALA LUMPUR: The Real Estate & Housing Developers' Association (Rehda) hopes the government will lower or abolish unnecessary charges and requirements imposed on developers to reduce the cost of doing business.

Its president Datuk Ir Soam Heng Choon said developers have been experiencing a significant increase in the cost of doing business, particularly in construction materials and consultancy services, which are between five and 10% higher.

"By being able to reduce the cost of doing business, the savings can be passed on to house buyers in the form of more affordable housings," he told Bernama when sharing his wishlist for the upcoming Budget 2020.

The requirements that developers have to comply include land conversion premium, capital contribution charge (for infrastructure and utility) where some plots of land need to be surrendered for plants and machinery construction and stamp duty.

Rehda he said felt that private utility companies such as Syarikat Bekalan Air Selangor Sdn Bhd, Indah Water Konsortium Sdn Bhd, Tenaga Nasional Bhd and Telekom Malaysia Bhd should not be imposing capital contribution charges as developers are already required to lay infrastructure at their development projects on top of



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bringing in new customers to the utility companies.

"These utility companies should revise their own capital to be recovered via tariff based on consumption through federal funding from general taxation," said Soam.

He also said the 3% of Gross Construction Cost deposited into the Housing Development Account for each phase of the project

developments should be reduced to 1% or allow the withdrawal based on the progress of the development, for example, 1.5% upon approval and the remaining upon 50% completion.

"The deposits have been adversely impacting the project cash flow of small, medium and bigger-sized developers alike, and the impact is felt more severely by bigger players as they undertake projects

with bigger gross development value and have many on-going projects at any particular time.

"We also urge state governments and local authorities to review some of their impositions and fees that are not adding value to development but only creating more red tapes and additional costs," he said.

On facilitating loan applications, Soam said Rehda had proposed that innovative financing packages with flexible criteria should be made available to help first-time house buyers.

The proposal for flexible repayment is to have longer loan repayment tenure with less payment at present and gradually increase later when borrowers' income increased, and make monthly repayment during the initial five years as servicing interest.

"Rehda also hope that the Step-Up Financing scheme, previously announced in Budget 2018, to be further widened to the private sector's affordable home offerings, as a way to bridge the affordability gap for first-time buyers, akin to what is accorded to Malaysia People's Housing Programme," he said.

The scheme, among others, allows buyers to service the loan interest in instalments for the first five years and start paying the principal beginning the sixth year.