

LIGHT DAWNS ON GATED AND GUARDED COMMUNITIES

The long-awaited announcement on 8 November 2006 by the Ministry of Natural Resources and Environment of Cabinet's approval of the motion to amend the Strata Titles Act 1985 brought much relief to property developers and house buyers. The breakthrough was a significant step closer to bridging the gap between property market evolutions and legislation. The amendments would essentially allow gated and guarded developments to be issued with strata titles and be managed and maintained like other subdivided buildings. Also, they would free up billions of ringgit worth of developments now stuck due to non-issuance of strata titles.

The gated and guarded community lifestyle was earliest introduced in the innovative developments of Country Heights, Kajang and Sierramas, Sungai Buloh. Some industry observers have traced an earlier gated and guarded housing development in Wangsa Baiduri, Subang in 1985.

Since 2002, REHDA along with organization like the Association of Licensed Land Surveyors (PEJUTA), had contended for gated and guarded schemes (GACOS) to be recognized and protected by statutory law via legislative reform.

This is no small victory for REHDA, whose members had worked hard over the years to ensure that homebuyers of such developments can reap the full benefits of a gated and guarded residential scheme. REHDA continues to monitor the progress of the amendments and looks

forward to the passing of the laws that would raise the standard of the industry to one of higher security, creative innovation and progressive lifestyle.

SIGNIFICANT MILESTONES

2002

REHDA was involved in several meetings with the Association of Licensed Land Surveyors (PEJUTA) and Department of Lands and Mines regarding the legal conundrum surrounding GACOS. In May 2002, REHDA participated in a study tour to Australia with the 2 agencies to obtain insight into how gated and guarded developments are carried out in New South Wales, Queensland and Western Australia.

SEPTEMBER 2003

On 16 September 2003, the Department of Lands and Mines of the Ministry of Land and Co-operative Development together with the Association of Licensed Land Surveyors (PEJUTA) organized the "Workshop on Gated Community Schemes" to gather input from the ground regarding GACOS.

DECEMBER 2003

On 24 December 2003, the Association of Licensed Land Surveyors (PEJUTA) forwarded to the Director General of Federal Lands and Mines Department of the Ministry of Lands and Co-Operative Development its proposals to amend the Strata Titles Act 1985. Contained within the submission were proposals to broaden the scope of the Act to allow for horizontal subdivision of land for the purpose of GACOS.

(cont. on page 3)

NATIONAL URBANISATION POLICY



The National Urbanisation Policy (NUP) was approved by Cabinet on 2 August 2006 and launched by the Department of Town and Country Planning of the Ministry of Housing and Local Government on 10 November 2006 as an initiative towards creating a visionary city with a peaceful community and living environment through well-coordinated, sustainable urban development. The workings of the NUP is empowered by Section 6B(3) of the Town and Country Planning Act, 1976 and supports the 9th Malaysia Plan.

The NUP is envisioned to guide and coordinate planning and urban development in the country in an efficient and systematic way. In doing so, issues and challenges encountered by urban areas can be overcome. This includes problems such as urban sprawl, degradation of environmental quality, uncompetitive urban economy, inefficient transportation systems, decline in quality of living for urban dwellers, lack of emphasis on urban design, the conservation of heritage sites and ineffective urban governance.

(cont. on page 4)



Editorial

Challenges of Community Living

For years, housing developers of gated and guarded housing schemes have waited for the legal conundrum regarding issues on titles and management and maintenance of such schemes to be quickly resolved. So, it was certainly good news for the housing industry to hear that the proposed amendments to the Strata Titles Act 1985 had finally been approved by Cabinet and are due to be tabled in Parliament. For this, REHDA wishes to express our gratitude to the Minister of Natural Resources and Environment, Dato' Azmi Khalid, for his expeditious and proactive efforts in bringing the proposals across to Cabinet.

With the alarming rise in neighbourhood crimes, gated and guarded housing schemes have become much sought after by house buyers. Unfortunately, under current legislation, provision for the creation of landed or horizontal strata-titled housing schemes has been subject to different interpretations, with the latest twist being a directive from the Federal Land Office (KPTG) to say that gated and guarded landed schemes will not be approved. This, of course, threw a pall on ongoing approved gated and guarded schemes that were works in progress. Thus, homebuyers and housing developers were much relieved when the proposed amendments were approved by the Cabinet.

Curiously enough, some quarters have expressed opposing views denigrating the virtues of the gated and guarded housing concept, claiming that this would only promote the segregation of communities according to economic status. They view these schemes as exclusive enclaves meant for the wealthy and fear that it may lead to marginalization of communities from the less privileged in society. Whilst such caring spirit is highly laudable, the integration or segregation of communities lies in more fundamental socio-economic principles of wealth distribution and policies for equitable allocation of resources.

We must not confuse cause with outcome. The underlying cause of segregation is not so much rooted in physical location as it is in economic disparity. Given the reality of increasing crime rates in urban communities, the demand for additional protection against physical harm in the built environment is understandable. Gated and guarded housing enclaves provide that for the residents who live within their boundaries, but how different is this from residents who stay in gated and guarded condominiums and apartments? Perhaps, when gated and guarded landed housing enclaves become as commonplace as condominiums and apartments, accusations of exclusivity and segregation will wane.

Give gates and guards a chance.

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ANNOUNCEMENT

With effect from 1st January 2007, the working hours for REHDA Malaysia, REHDA Selangor Branch and REHDA WP(KL) Branch Secretariats are as follows:-

Monday - Friday : 9.00 a.m. to 6.00 p.m.
Our office will be closed on Saturdays.



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Dato' Michael K.C. Yam

Members:

Datuk Eddy Chen, Ms. Ng Kuai Heng, Cik Rusnani Abd Rahman, Ms. Debbie Loh

REHDA BULLETIN is published by:

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IMPLEMENTATION OF 36 MONTHS DEFECT LIABILITY PERIOD

Syarikat Bekalan Air Selangor Sdn Bhd (SYABAS) announced in early November the implementation of the extension of defect liability period to 36 months on all new submissions for water works.

SYABAS' basis for this move was that many cases had arisen, where defects appeared after the previously shorter defect liability period, largely caused by problems related to poor workmanship and material quality. This had caused high repair

costs to SYABAS. Additionally, SYABAS believes that this change is in line with the new permanent water supply system, which is expected to be free from defects for a longer time period.

All new submissions would automatically fall under the 36-month period. For ongoing works, an implementation schedule will be in place to allow a grace period for developers to complete their works accordingly. The implementation schedule for ongoing works is indicated below:

Defects Period in Previous 'Surat Akujanji'	Deadline of completion and handing over the system beyond which the 36 months defects period is imposed
18 months	31 December 2007
6 months	31 July 2007
No 'Surat Akujanji' imposed (before mid 2004)	31 July 2007

For further enquiries, please contact the Development Department of SYABAS at 03-22826244.

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LIGHT DAWNS ON GATED AND GUARDED COMMUNITIES

FEBRUARY 2004

On 10 February 2004, the Director-General's Office of the Lands and Mines Department (JKPTG) of the Ministry of Land and Co-operative Development met REHDA along with other professional bodies including PEJUTA, Institute of Surveyors Malaysia (ISM), House Buyers Association (HBA) Consumers Association of Penang (CAP), and several State PTGs to present the draft amendments of the Strata Titles Act 1985 for discussion and debate.

APRIL 2004

REHDA wrote to the then Minister of Lands and Co-Operative Development (now known as Ministry of Natural Resources and Environment) YB Dato' Seri Adenan bin Satem on REHDA's proposals to the amendments of the Strata Titles Act 1985.

In the letter, REHDA highlighted to the Ministry the need to have management corporations empowered by law to manage all types of common property including gated and guarded communities, orchard developments, private gated parks, private cemeteries and commercial buildings.

MAY 2004

On 24 May 2004, Ministry acknowledged REHDA's letter and confirmed that REHDA's views were being taken into consideration. The Ministry informed that the proposed amendments had been sent to the Attorney General's Chambers for processing, vetting and approval.

AUGUST 2005

REHDA submitted a joint memorandum with ACCCIM and PPKM to the National Economic Action Council, urging the Council to resolve the existing inherent lacuna in the Strata Titles Act 1985.

Memorandums of a similar nature were submitted at MAMPU meetings 2 and 3/2005.

OCTOBER 2005

In a letter dated 13 October 2005, REHDA urged the Ministry of

Natural Resources and Environment to expedite the formation of a facilitative legal framework via a position paper entitled "Expediting the Proposed Amendments to the Strata Titles Act, 1985 to Allow the Issuance of Strata Titles to a Wider Range of Stratified Housing Types in Gated and Guarded Communities".

The paper proposed the immediate amendment of the Strata Titles Act 1985 to provide for horizontal strata property or subdivision of land for multi-storey housing types and to allow its application to be retrospective. It was also proposed that local authorities accept applications for such residential schemes pending the eventual enactment of relevant laws.

NOVEMBER 2005

The Ministry of Housing and Local Government met with REHDA on the implications of the proposed amendments to the Strata Titles Act 1985 to Housing Development (Control & Licensing) Act 1966.

REHDA was made aware that the Ministry had been notified by the Department of Lands and Mines that GACOS was not recognized by law and advised that no development approvals should be given until relevant amendments are made to the Strata Titles Act 1985.

MAY 2006

Minister of Natural Resources and Environment, Datuk Seri Azmi Khalid invited REHDA to a meeting to discuss matters related to GACOS. At the meeting REHDA briefed the Minister on ongoing GACOS schemes and the urgent need for legislative support for such developments. REHDA urged the Minister to expedite the proposed amendments.

NOVEMBER 2006

On 8 November 2006, Minister of Natural Resources and Environment announced that the proposed amendments have been approved by Cabinet and will soon be tabled in Parliament.

NATIONAL URBANISATION POLICY

The NUP accentuates six main thrusts that outlines strategies for the creation of a township which is safe, systematic, modern and attractive. NUP is guided by 30 policies covering vital aspects of planning, development and management of township which gear toward achieving Vision 2020. The official document can be downloaded from <http://www.townplan.gov.my/dpn/> The main thrusts and policies outlined are delineated below.

Thrust 1: An Efficient and Sustainable Urban Development

- POLICY 1 The NUP shall form the basic framework for urban development in Malaysia.
- POLICY 2 Urban development shall be based on the urban hierarchy system of the NUP.
- POLICY 3 Each urban development shall be based on the Development Plan being prepared.
- POLICY 4 Urban growth limit is determined based on its carrying capacity for all towns in the country.
- POLICY 5 Optimal and balanced land use planning shall be given emphasis in urban development.
- POLICY 6 Urban development shall give priority to urban renewal within the urban area.
- POLICY 7 Village development in towns shall be integrated with urban development.
- POLICY 8 Environmentally sensitive area and prime agricultural areas shall be conserved.
- POLICY 9 Open space and recreational areas shall be adequately provided to meet the requirement of the population.

Thrust 2: Development of an Urban Economy That is Resilient, Dynamic and Competitive

- POLICY 10 The development of urban economic activities that is value-added and knowledge based (k-economy) at all conurbations shall be promoted.
- POLICY 11 The economic development of Major and Minor Settlement Centres shall be enhanced to support their roles in regional development.
- POLICY 12 Special feature towns shall be developed in accordance to their respective potential and niches.
- POLICY 13 Employment opportunities especially for the low income group shall be improved and diversified irrespective of race.
- POLICY 14 Development of urban areas shall take into consideration the Malaysian identity that is multi-racial. Bumiputera participation and those with low income from the urban economic sector shall be improved. At the same time, the interest, opportunity and future potential of other races will not be neglected nor obstructed.

Thrust 3: An Integrated and Efficient Urban Transportation System

- POLICY 15 An integrated, efficient and user friendly public transportation system shall be developed.

- POLICY 16 A more comprehensive traffic management shall be implemented to ensure more efficient and effective traffic flow.
- POLICY 17 A more comprehensive road network shall be developed to improve accessibility and mobility for inter and intra urban.

Thrust 4: Provision of Urban Services, Infrastructure and Utility of Quality

- POLICY 18 The provision of infrastructure and utilities shall be improved while continuous management and maintenance ensured.
- POLICY 19 A planned, effective and sustainable solid waste and toxic management system shall be implemented.
- POLICY 20 The quality of urban services shall be improved to create a comfortable and liveable environment.

Thrust 5: Creation of a Conducive Liveable Urban Environment with Identity

- POLICY 21 Sufficient housing shall be provided based on the requirements of the population.
- POLICY 22 Adequate, fully-equipped and user-friendly public amenities shall be provided with continuous management and maintenance.
- POLICY 23 Safe urban environment shall be provided.
- POLICY 24 The formation of an urban image and identity congruent with local function and culture that represents a multi-racial society.
- POLICY 25 Areas and building of historical value and unique architecture shall be restored and gazetted.
- POLICY 26 A sustainable and environmentally friendly development shall form the basis of environmental conservation and improve the urban quality of life.

Thrust 6: Effective Urban Governance

- POLICY 27 The institutional capacity shall be strengthened to implement a more efficient and effective urban administration and management.
- POLICY 28 Good corporate governance shall be practiced to promote a management culture that is transparent, has integrity and is accountable.
- POLICY 29 The involvement of society shall be encouraged in urban planning and governance.
- POLICY 30 The use of innovative technology in urban planning, development and urban services management.

BRIEFING ON PUBLIC RULING FOR PROPERTY DEVELOPMENT AND CONSTRUCTION COMPANIES



REHDA Institute organized a half-day briefing on Public Ruling for Property Development and Construction Companies on 7 November 2006. The purpose of the briefing was to explain the Public Ruling No.3/2006, which was being drafted as a new regulation under the ambit of the Income Tax Act 1967 as proposed in Budget 2007. The briefing provided a platform for developers to raise concerns regarding the draft regulations. The event was well attended by 130 participants.

Ms Margaret Lee, Executive Director of Pricewaterhouse Coopers, conducted a thorough presentation on the Public Ruling 3/2006. This was followed by a panel discussion headed by Session Chairman Mr Ng Seing Liong, JP. featuring panelists Ms Lim Gim Kim from the Inland Revenue Board and Ms Pauline Tham, Executive Director of KPMG Tax Services.

During the Question and Answer cum panel discussion, participants their concerns regarding the draft regulations including:

- Transitional provisions should be made for developers to adjust to the new regulations.
- The seemingly inequitable situation where estimated losses are not allowable for tax deductions.

- The need for clear guidelines in relation to appropriate frequency and circumstances that would warrant a revision in estimates.

The Briefing ended with possibly one pervasive thought in the minds of participants, which was that tax estimates must be calculated meticulously, accurately and as closely possibly to actual figures.



From left: Ms Pauline Tham of KPMG, Ms Lim Gim Kim of IRB, Mr Ng Seing Liong, JP (Chairman) and Ms Margaret Lee (PWC)

BRIEFING ON "QUALITY ASSESSMENT SYSTEM (QLASSIC) IN CONSTRUCTION"

REHDA Institute's half day briefing on "Quality Assessment System (QLASSIC) in Construction" was held on 15 November 2006 with the purpose of acquainting participants with the Construction Industry Development Board (CIDB)'s quality assessment system.

En Mohammad Faizal Abdul Hamid from the Construction Technology Development Division of CIDB started off by sharing with participants the overview of the system, which is to encourage an attitude of "do it right the first time, everytime" among construction workers. Having laid down the goals of the system, he demonstrated the mechanics and practical workings of the assessment processes.

This was followed by a candid sharing of experience by Mr Seow Lit Fong, General Manager of the Project and Construction Services Department of Sunrise Berhad. Mr Seow demonstrated the high standard of quality assurance adopted by Sunrise Berhad in their use of the Singaporean CONQUAS® scoring system. He shared with fellow developers their adoption of Industrialized Building System (IBS) as a core building system for their condominium projects to ensure minimal wastage and consistent quality.

Participants voiced their concerns with regards to the method of assessment of the QLASSIC, the assessors, and practical difficulties in keeping up with the standards in a quality assessment system.

The event was well attended by 80 participants.



From left: En Mohammad Faizal Abdul Hamid, CIDB, En Wan Hashimi Albakri (Chairman), Mr Seow Lit Fong, Sunrise Bhd.

10:90 BUILD THEN SELL : THE NEW APPROACH TO QUALITY BUILDINGS AND HOUSES IN MALAYSIA?

The following are the driving points of REHDA Immediate Past President Dato' Jeffrey Ng Tiong Lip's presentation at the Property and Housing Summit 2006 in September.

The Malaysian 10:90 Housing Delivery System

The Malaysian 10:90 system is one where house buyers pay the initial downpayment of 10% purchase price upon the signing of an SPA. The remaining balance of 90% is paid only upon completion of the house. It needs to be noted that the initial downpayment of 10% purchase price is deposited into a trust

or escrow account and cannot be used by developers.

The Government had announced a two-year timeframe for the industry to test the effectiveness of the system, with certain incentives. During this period, the system would run parallel with the existing Sell-then-Build approach.

Table 1 : Current Systems in Malaysia

	10:90	Sell-then-Build	Build-then-Sell
Downpayment	10%	10%	Nil
Progress payments	Nil	During construction	Nil
Final payment	90% upon completion	Upon completion	100% upon completion

The Malaysian housing development scene is similar and yet unique to that of other countries. Benchmarked against Singapore, Thailand, Hong Kong, Australia and Indonesia, the main similarity shared by all is that the Off-plan or "Sell-then-Build" runs parallel to the 10:90 and Build-then-Sell

approaches. The Malaysian housing industry stands unique from the rest, as private developers are required by the Government to build affordable housing as part of socio-economic obligation. (See Table 2)

Table 2 : International Comparisons of Payment Structure Systems and Socio-Economic Obligations of Private Housing Developers

Country	Existing Systems	Other Socio-Economic Obligations
1 Singapore	<p>BTS – Applicable for secondary housing markets. Not applicable for private new developments or HDB projects.</p> <p>STB – Commonly practiced system both by private developers and HDB is to sell with 10% booking/down payment with the balance paid as construction progresses.</p>	<p>Housing Development Board (HDB) manages all social housing requirements.</p> <p>Private developers not obligated to include low cost / social housing as part of their developments.</p>
2 Thailand	<p>BTS and STB co-exist.</p> <p>Common practice – purchasers to pay up to 30% (2%+28%) down payment, balance upon transfer of title.</p> <p>Developers may require progress payments during construction. Varies from project to project.</p>	<p>National Housing Authority of Thailand (NHA) manages all social housing needs.</p> <p>Private developers not obligated to include low cost / social housing as part of their developments.</p> <p>Infrastructure for new developments will be discussed between developers and agencies concerned.</p>
3 Hong Kong	<p>BTS – Common, BUT not mandatory.</p> <p>STB - Carried out subject to consent from the Lands Department and after providing sufficient information to purchasers.</p>	<p>No socio economic obligations imposed.</p>
4 Australia	<p>BTS, 10:90, and STB co-exist.</p> <p>Home warranty insurance against non-delivery is required. The maximum amount claimable for incomplete work is 20% of the contract value, with a \$200,000 limit.</p>	<p>No socio economic obligations imposed.</p> <p>Infrastructure development undertaken by the Government.</p>
5 Indonesia	<p>Not regulated.</p> <p>The systems used depend on the developers. Both BTS and STB apply.</p>	<p>All developments market driven.</p> <p>No socio economic obligations imposed on private developers.</p>

*BTS – Build-then-Sell system
STB – Sell-then-Build system

THE IMPACT OF 10:90

It is foreseen that the implementation of a 10:90 system would result in higher house prices by 30% - 50% due to higher holding and financing costs and risk exposure arising from:

- Higher levels of equity capital contribution by developers
- Higher loan exposure
- Tail end redemptions of loans
- Higher interest costs

Due to higher risk exposure, financial institutions would become more selective and cautious in their lending. As a result, this might force developers to reduce the volume of their developments. If costs on increased business and financial risk cannot be passed on to consumers, profitability is reduced, causing small to medium sized property developers to suffer due to capital constraints. This marks an adverse impact on the property industry in terms of housing supply, employment opportunities and the number of market players.

The Impact of 10:90

- Higher holding and financing costs and risks exposure
- Banks become selective in lending
- Development volume reduced
- Profits reduced if increased costs cannot be passed on to consumers
- Small and medium-sized developers suffer capital constraints
- Housing supply, employment opportunities, number of property players adversely impacted

10:90 – Benefit to Buyers

- No interest costs incurred by house buyers, as there would be no progressive payments during the construction period.
- Buyers are not affected in cases of project abandonment.

10:90 – Impact on Developers

- Reduced competition favouring large, well-capitalised property developers at the expense of small developers

CHALLENGES OF 10:90

Financing Structure

There remains a predominant concern on the financial structure required to facilitate such a system. The basis of lending approvals would require a separate treatment, possibly involving these factors or a combination of each:

- Percentage of progressive sales achieved on a monthly basis
- Upfront market feasibility study irrespective of progressive sales performance
- Gross Development Value at Forced Sales Prices to loan ratio.

As there is a lack of transparency in lending criteria and an absence of a clear cut definition of “viability” and “track record”, the industry could very well be subject to imposing terms and conditions that make borrowing too onerous.

Based on a case study of a township housing project,

REHDA estimates that interest expenses and loan amounts for project financing could soar by more than 200% and 300% respectively under the new system. Such a scenario raises grave concerns on:

- Imposition of interest rate premiums
- Lending risk premiums to be borne by banks
- The manner in which banks would collateralize a loan, as land value may not suffice to cover for increased borrowings.

Legislative Framework

In order to ensure a workable smooth implementation of the system, legislative provision are needed to ensure that:

- There are adequate protection for developers against buyers’ default and renegeing on a Sale and Purchase Agreement. This is of significant importance, as house buyers do not pay progressive payments during construction.
- Buyers under the 10:90 should be required to apply for their housing loan at an earlier stage and not towards the end of the construction period. This is to avoid cases where house buyers are unable to secure loans at the very last moment, developers face a highly detrimental risk of having completed units not taken up by such buyers.
- Once home loans are approved, they should be made irrevocable to buyers except in cases of breach on the part of the developer.

Quality Matters

It is a common assumption that the 10:90 system will help address issues of poor workmanship and product quality. REHDA believes that this statement is a myth as delivery systems have little to do with quality matters. In fact, in Malaysia, any form of delivery system would still employ the same pool of contractors, building materials, labour and management.

The role of the Construction Industry Development Board (CIDB) in human resource training for the industry must be critically examined and reviewed if quality standards are to be raised.

The Issue of Project Abandonment

It is believed that using the 10:90 system would not eliminate abandonment although house buyers are protected. This is because the occurrences of abandonment have little to do with a housing delivery system. The only difference is house buyers would be left out of the equation in case of project abandonment.

MAKING 10:90 A SUCCESS

- Financial institutions must make an unequivocal commitment to finance 10:90 projects, providing clear cut, practical and transparent guidelines with regards to their lending criteria.
- Special revolving funds with subsidized interest rates for 10:90 project financing must be established to help developers mitigate higher costs of financing.
- The legal framework of the 10:90 system must put in place specific recourse for developers and bankers against house buyers’ default and renegeing on Sale and Purchase agreements.
- The incentives given to developers during the 2-year interim period must be practical and workable to help mitigate increased costs and not left to discretion of authorities.

ISSUES RELATED TO INFRASTRUCTURE FUNDING

This is the third in a series of six fortnightly articles by REHDA Malaysia published in The Star, reproduced for Bulletin readers.

A large part of the housing delivery process actually revolves around the provision of infrastructure. In most countries, this is undertaken by the government as part of its mandate. However, as nations and economies progress and modernize, the trend has been for governments to privatize the development and provision of infrastructure to the private sector. This approach is favored as it is perceived that greater efficiency and productivity can be achieved via the privatization route.

In Malaysia this has also been the path the nation has chosen. From essential services such as electricity, water, sewerage, to solid waste management and telecommunications, the modus operandi has been to privatize these services. Indeed, there has been notable success in this approach. We have seen Malaysia grow phenomenally in the last couple of decades, thanks to the participation of the private sector which has brought much energy and enterprise to the development of greenfield areas.

Yet, even as we extol the virtues and benefits of privatization, we should be mindful that there is a price to be paid. One sector that feels the impact most directly is the housing development industry. Housing developers are subject to various requirements to provide infrastructure for roads and drainage, electricity and water supply, sewerage treatment facilities, and telecommunications services. The cost for providing such infrastructure is imputed into the cost of the housing development and embedded in the house price. House buyers are in fact already paying, via developers, a host of fees and charges to utilities service providers, towards development of a built environment that is well complemented and equipped with the necessary facilities for safe, healthy and comfortable living.

But increasingly, the pressure being exerted on developers to shoulder more infrastructure works and to comply with higher standards by the privatized utilities providers has become unbearable. There are two trends in infrastructure funding – one is the growth of levies and charges on new housing development to fund an ever expanding range of infrastructure and second, a move to charge developers up-front for infrastructure development as in capital contributions.

For example, some 10 years ago, when Indah Water Konsortium (IWK) wanted to build central treatment plants for sewage treatment, it was proposed that a capital contribution charge of 1.65% of the house price be imposed on new developments. On top of that, developers would still be required to build treatment plants within their own developments in the interim. This would have translated into substantial additional costs to house buyers of these new projects (around RM2,500 for an average

house priced at RM150,000). Fortunately, after many rounds of representations and discussions, the Government suspended the proposal.

Another more recent example was the proposal to require developers to provide infrastructure for telecommunications services in new housing areas in order to help the nation frog-leap into the digital era. It was felt that without such infrastructure, access to broadband and the nation's IT competitiveness would be greatly hampered. Again, it was conveniently suggested that the responsibility for additional external trunking infrastructure be borne by the developer.

Even though it is the house buyer who ends up picking up the additional tab, the issue of fairness and equity must be considered.

Developers have argued that they are not against higher standards. But such requirements must be justified and equitably imposed. In a buoyant market, there may be more flexibility to absorb such increased costs, but the ability to pass on these added costs may not hold in less robust times. Even so, the principle of payment involved here is quite unfair. Purchasers of new homes are increasingly bearing the lion's share of the cost of funding community-wide urban infrastructure that is enjoyed by all, something that was previously financed by state and local governments and paid for by the broader tax-paying community. Home owners in older localities have historically had this external infrastructure provided by government, so it is rather unjust to expect new generations of home buyers to have to pay when past generations of home owners did not have to.

Part of the problem is that planning for infrastructure is typically piecemeal and tends to be agency-based rather than from a government master planned perspective. It is also a fact that there are no consistent principles underpinning infrastructure charges in the various states and by the various utilities service providers. Consideration should also be given to rationalizing local government development contributions with the aim of reducing redundant payments. There should also be accountability for proper and timely allocation of funds raised for infrastructure provision.

There is an urgent need for rationalization of policies and requirements that impose undue financing impositions on the house buyer, especially against the backdrop of private utilities companies reporting higher profits. Each charge or levy may seem small on its own, but taken together, all these add up to adversely impact accessibility to home ownership. All stakeholders involved in the provision of infrastructure and utilities must work together to improve efficiency in the delivery process without unduly burdening the new house buyer.

“There is an urgent need for rationalization of policies and requirements that impose undue financing impositions on the house buyer, especially against the backdrop of private utilities companies reporting higher profits”

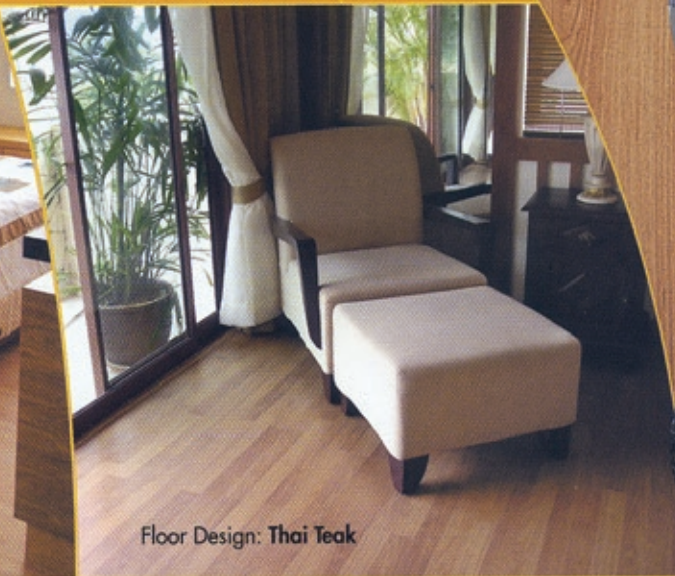


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Completion : January 2005



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Location : Johor Bahru
Completion : October 2005

SURVEY ON 10:90 INCENTIVES

REHDA conducted a brief survey in October 2006 among all REHDA Branches to ascertain members' preferences for 10:90 incentives.

The findings of the survey are as follows.

Incentives in Order of Preference

(Not including the announced incentives of fastlane approvals, waiver of deposits and stamp duty)

1. Commitment from financial institutions for project financing.
2. Subsidized interest for holding costs during construction period.
3. Reduction / Exemption for Bumiputra quota.
4. Lower conversion premium / quit rent.
5. Reduction of development charges.
6. Utility contribution discounts.
7. Conversion of leasehold to freehold land.

BRANCH NEWS

MELAKA BRANCH

HOSTING OF FRIENDLY GOLF & NATIONAL COUNCIL MEETING

A Friendly Golf was held on 10 November 2006 at A' Famosa Resort Melaka as part of the programme hosting the National Council Meeting on 11 November 2006 at the resort. The Guest of Honour was YB Seah Kwi Tong, Deputy Chairman of the State Housing Committee. It was a memorable event where National Council members, Branch Committee and related government officers mingled freely.

After the National Council Meeting, the branch hosted a fellowship lunch between National Council and REHDA Melaka Branch Committee to foster closer rapport.



From left: Dato' Eddy Chen, Mr Ng Seing Liong, Dato' Jeffrey Ng, Datuk Peter Lim.



From left: Mr Gwee Yew Kiat, REHDA Melaka Deputy Chairman; Dato' Eddy Chen, Patron; Mr Ng Seing Liong, President of REHDA Malaysia; YB Encik Koh Nai Kwong, Guest Of Honour for Fellowship Dinner, Timbalan Pengerusi Jawatankuasa Negeri Perumahan, Kerajaan Tempatan, Alam Sekitar & Pengangkutan; Datuk Peter Lim, REHDA Melaka Chairman; Tuan Hj Muztaza, National Treasurer; Dato' Francis Lee, Secretary-General; Mr Anthony Cho, Honorary Secretary of REHDA Melaka.

SELANGOR BRANCH

COURTESY CALL ON PENGARAH TANAH DAN GALIAN SELANGOR (PTGS)

REHDA Selangor Branch paid a courtesy call on the Pengarah Tanah dan Galian Selangor, Tuan Abdul Nasir Bin Hassan on 6 November 2006 at Pejabat Tanah dan Galian Selangor.

Among the issues raised during the courtesy call were as follows:-

- Imposition of Condition to Build 30% Medium-Cost Houses in Development of Less Than 10 acres
- Contribution Towards Social Infrastructure in Development of Less Than 10 acres
- Contribution in lieu of Building Low-Cost Houses
- Implementation of Simultaneous Processing of Development Plans Under "3+1" or "1+3" Concept



From left: Pengarah PTGS, Tuan Abdul Nasir bin Hassan, Dato' Fateh Iskandar bin Mohamed Mansor, Mr Ngian Siew Siong, Mr Ng Boon Chan and Tuan Haji Muztaza bin Haji Mohamad.

REHDA DIARY NOVEMBER 2006



DATE	EVENTS
2	<p>CIDB – Technical Committee Workshop on Quality Assessment in Construction (QLASSIC) at Awana Hotels & Resorts, Genting Highlands. Attended by Mr Joshua Kang.</p> <p>Finance & Investment Committee Meeting. Attended by Dato’ Jeffrey Ng Tiong Lip, Mr David Mah, Ms Ng Kuai Heng.</p>
6	<p>Lunch Meeting with FIABCI to Discuss Rating Agency. Attended by Mr Ng Seing Liong, JP, Tn Hj Muztaza Mohamad, Datuk Eddy Chen Lok Loi and Ms Ng Kuai Heng.</p>
7	<p>CIDB - Mesyuarat Jawatankuasa Teknikal Amalan Pemuliharaan Alam Sekitar Dalam Industry Pembinaan (TC9). Attended by Mr Tiah Oon Ling.</p>
8	<p>Meeting with EAROPH on World Habitat Day. Attended by Ms Siobhan Netto.</p> <p>Meeting with Appointed Architect on REHDA Building Renovations. Attended by Dato’ Jeffrey Ng Tiong Lip, Mr Tiah Toh Twin, Mr Wong Sze, Ms Ng Kuai Heng and Mr Liew Kek Min.</p> <p>Dinner with YB Mr. Ng Lip Yong, Deputy Minister of MITI. Attended by Mr & Mrs Ng Seing Liong, JP, Datuk & Datin Eddy Chen Lok Loi, Mr & Mrs Tiah Toh Twin, Dato’ Jeffrey Ng Tiong Lip, Mr Teh Boon Ghee, Tn Hj Muztaza Mohamad, Mr & Mrs Cheah Wing Choong, Mr Ricque Liew Yin Chew, Mr Lawrence Chan Kek Tong, Ms Ng Kuai Heng, Pn Rusnani Abdul Rahman, Ms Jessie Ting and Ms Karen Seow.</p>
13	<p>CIDB – Jawatankuasa WG6 on “Waste Minimization and Recycling Potential of Construction Materials”. Attended by En Hashdi Abdul Muid.</p> <p>NPC Roundtable Discussion on Increasing the Application of IBS in Construction on Building Projects. Attended by Mr Tiah Toh Twin.</p>
14	<p>Taklimat Khas Pelaksanaan Memproses Pelan-Pelan Pembangunan Secara Serentak di Bawah Konsep “3+1” atau “1+3”. Attended by Ms Yeoh Mooi Mooi.</p>
15	<p>BIPC Lunch Meeting. Attended by Mr Ng Seing Liong, JP.</p>
16	<p>MAMPU Meeting No. 3/2006. Attended by Mr Ng Seing Liong, JP and Cik Rusnani Abd Rahman.</p>
22	<p>AAPH Committee Meeting. Attended by Datuk Eddy Chen Lok Loi, Mr Lawrence Chan Kek Tong, Ms Ng Kuai Heng and Ms Karen Seow.</p>
24	<p>Mesyuarat Keperluan Perundangan Tambahan Bagi Skim Perumahan Berkonsepkan “Gated Community”. Attended by Mr Ricque Liew Yin Chew, Dato’ Wong Choon Kee, Mr Lee Liam Chye, Mr Bernard Tan, Mr Ho Hon Sang, Mr Leonard Lim, Mr Teh Kiak Seng, Mr Kelvin Choo, Mr Lee Han Ming, Ms Ng Kuai Heng and Cik Rusnani Abd Rahman.</p>
25	<p>Seminar Hari Habitat Malaysia 2006 & Hari Kitar Semula Kebangsaan. Attended by Mr Ng Seing Liong, JP, Mr Lawrence Chan Kek Tong, Datuk Eddy Chen Lok Loi.</p> <p>AAPH Fellowship Dinner. Attended by Datuk Eddy Chen Lok Loi, Mr Teh Boon Ghee, Ms Ng Kuai Heng and Ms Karen Seow.</p> <p>AAPH Executive Committee Meeting at Berjaya Times Square Hotel & Convention Centre, KL. Attended by Datuk Eddy Chen Lok Loi, Ms Ng Kuai Heng and Ms Karen Seow.</p>
28	<p>Infrastructure, Utilities and Environment Committee Meeting.</p>
29	<p>Mesyuarat Pelaksanaan Penyenggaraan & Pengurusan Bangunan dan Harta Bersama. Attended by Ms Terise Chin, Mr Ho Hon Sang, Ms Ng Kuai Heng and Cik Rusnani Abdul Rahman.</p> <p>FIABCI 17th Annual Golf Tournament 2006. Attended by Mr Ng Seing Liong, JP, Mr Joe Chen Kok Bong, Mr Yogeswaran and Tn Hj Muztaza Mohamad.</p> <p>Institute Akhbar Malaysia – Malam Wartawan Malaysia 2006. Attended by Mr Tiah Toh Twin and spouse, Tn Hj Muztaza Mohamad and spouse, En Wan Hashimi Albakri, Ms Debbie Loh.</p> <p>CIDB – Seminar on Sustainable Construction. Attended by En Hashdi bin Abdul Muid</p>
30	<p>Majlis Pelancaran Construction Industry Standards 7 (CIS 7) 2006 – Quality Assessment for Building Construction Work Sempena Seminar on Sustainable Construction. Attended by Mr Ricque Liew Yin Chew and Ms Debbie Loh.</p> <p>Jabatan Pengairan & Saliran Malaysia – Jawatankuasa Teknikal Penyediaan Standard Manual Saliran Mesra Alam. Attended by Mr Tiah Oon Ling.</p> <p>Nanyang Roundtable Meeting to Discuss the 9th Malaysia Plan. Attended by Datuk Eddy Chen Lok Loi.</p>

