



Headline	Quota increase raises uncertainties
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Quota increase raises uncertainties

By Roznah Abdul Jabbar

SEREMBAN — The recent decision by Negeri Sembilan to raise the quota of Bumiputera property has raised some qualms. The new housing policy, which became effective last month, stipulates the increase of the Bumiputera property allocation to 50 per cent, from 30 per cent previously. It also stipulates that 50 per cent of every new project must consist of affordable houses.

According to the *AmResearch Sector Report*, the latest policy in the state could trigger some imbalance in the property demand/supply dynamics within the state.

The report said that the higher requirements for affordable housing, laid down at a range between below RM80,000 and below RM400,000, could potentially raise overall development cost for new housing projects in the state besides leading to further compression in margins.

"How the new measures will be executed is another area of concern. These uncertainties, if taken together, could prod developers to re-assess their development prospects in the state amid rising land costs," it said.

The concerns are expected to extend to the recently unveiled 266,874-acre Malaysia Vision Valley under the 11th Malaysia Plan. The project – covering Nilai, Seremban and Port Dickson, has a targeted gross development value between RM70 billion and RM90 billion.

The report said that new developers operating in Negeri Sembilan will be affected as their land acquisition cost would be higher compared to conglomerates like Sime Darby Bhd and IJM Land that had purchased land in the state years ago.

"Furthermore, some developers have also shifted their development mix towards more affordable products to tide over the current weak property sentiment," it stated.

Developers venturing into Negeri Sembilan market include IJM Corp - Seremban 2/S2 Heights via IJM Land; Mah Sing Group, with 960-acre Seremban land acquired last August; Sime Darby with approximately 70,000

acres of land in Nilai and Seremban for projects including Bandar Ainsdale, Chemara Hills, Planters Haven and Nilai Impian; and UEM Sunrise with its 50-50 joint venture project Forest Heights. Matrix Concepts is also active in the state with its Bandar Seri Sendayan project.

Chang Kim Loong, the honorary secretary-general of the National House Buyers Association, said the policy could keep developers from venturing into the state.

He said that the policy will provide more reasons for developers to "cut corners" and construct "defective" houses, employing shoddy workmanship and using sub-standard materials to make reasonable profits while complying with these new policies.

"This will not benefit house buyers. We hope policy makers will consider the possible implications on the state's property market," he said.

Chang pointed out even with the current policy, some developers have unsold Bumiputera units - a drain on the resources of the private sector.

He said that this could result in developers steering clear of the state, and this is unhelpful for the industry or the people, which will in turn reflect negatively on government policies.

"After all, developers are not charitable organisations; they are in for the profit," Chang said.

Menteri Besar Datuk Seri Mohamad Hasan said the enforcement of the policy was made after thorough discussions with Negeri Sembilan chapter of the Real Estate and Housing Developers' Association.

he said.

He said the quota was increased as 70 per cent of the state's residents comprise Bumiputeras.

Property consultant, author and chief executive officer of FAR Capital Sdn Bhd, Faizul Ridzuan, said there's a reason the rules are put in place; to ensure Bumiputeras who are buying for own-use - and not investors - are able to secure a property.

"Bumiputera investors will generally stay away from the privilege as it restricts the selling of the property, which can only to be sold to Bumiputeras," he pointed out.

Faizul said buying Bumiputera units depends on one's investment plan.

"If the person is buying for own use, then there's no harm. If it's for rent-out for long run, then there's no reason for not taking it; the concern lies with selling it later on," he said.

To resolve the problem of overhang of these units, Hasan said that a Bumiputera housing portal will be developed by the state to aid Bumiputera buyers to find their dream homes.

"It will list the Bumiputera lots that have not been sold. After this, it is hoped that the developers would no longer complain about the difficulty in selling the Bumiputera lots," he said.