

GIVING LIFE TO ABANDONED HOUSES

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WHEN housing projects are abandoned, the most hard hit victims are usually buyers from the low- and middle-income groups.

For them, it is the beginning of a long and agonising nightmare.

While stalled projects account for only 1.4 per cent of the country's private housing development projects (see Table 1), it affects the most needy category of the people and creates a social problem far worse than implied by the figures.

Most of the abandoned projects involve low- and middle-cost units costing between RM30,000 and RM100,000.

Abandoned projects leave a trail of devastation — economic and social — with buyers finding themselves caught in a catch-22 situation, having to continue to service loans for a home nowhere in sight as well as paying rent for a roof above their heads. Defaulting on the loan is not an option as it would cause them to be blacklisted or declared

Current status of private housing projects in Peninsular Malaysia as of June 30, 2013

Table 1

Status	Number of Projects	Percentage (%)
On schedule	3544	92
Late	53	1.4
Ailing	201	5.2
Abandoned	55	1.4
Total	3853	100

Source: National Housing Department (NHD/JPN), Ministry of Urban Wellbeing, Housing and Local Government 2013

problem, it decided to pursue a more private-driven approach by getting private contractors to help revive abandoned projects. In return, these "white knights" are given incentives,

with several factors taken into account, such as buyers' loan repayments and developers' deposits with the Housing Development Account.

While taxpayers may have questioned



bankrupt by the bank.

Projects have been left idle for various reasons, including downturn in the economy, such as the 1997 financial crisis, contractors facing financial problems, poor location and poor administration of finances, conflicts among stakeholders and others.

Lack of coordination among the approval and regulatory bodies complicated matters further.

Given the severity of the problem, the government in 2009 set up the Abandoned Project Rehabilitation Division (APRD) under the National Housing Department. Its given task is to revive and rehabilitate housing projects abandoned by private developers.

Urban Wellbeing, Housing and Local Government Minister Datuk Abdul Rahman Dahlan said the government had to step in to protect house buyers and uphold their rights.

"The purchase of a house is based on willing buyer-willing seller basis. The government has no part in it. However, when the well-being of the people is jeopardised, we have to step in although the law does not require us to do so."

The government's role is one of a regulator but due to the severity of the

such as double tax deductions and the use of public funds in reviving abandoned housing projects, Rahman pointed out that not all required financial assistance from the government, such as measures to maximise returns from the assets of projects and reduce liabilities, are being taken.

The division, which can be regarded as the ministry's caped crusader, has, to date, successfully coordinated the revival of 132 abandoned housing projects, with another 44 expected to be completed within two years.

This represents over 90 per cent (see Chart 1) of the total abandoned housing projects in Peninsular Malaysia from 2009 to June 30, 2013. A study to assess the viability of reviving the remaining stalled projects is being done,

"Of the 132 projects rehabilitated involving 32,105 units and 20,369 buyers, only 25 projects required government funding of approximately RM170 million."
Datuk Abdul Rahman Dahlan
urban wellbeing, housing and local government minister

"For example, empty pockets of land and unsold units can be capitalised for the cash needed to revive the project. To further reduce the cost, tax waiver or reduction is sought from the land authority as well as reduction in land redemption charges from banks.

"Of the 132 projects rehabilitated involving

32,105 units and 20,369 buyers, only 25 projects required government funding of approximately RM170 million."

He said critics should view the exercise to revive abandoned housing projects from a bigger perspective, notably the immense social and economic benefits gained.

"The Gross Development Value of the abandoned projects revived so far is a whopping RM3.8 billion, 22 times more than the amount spent by the government."

Furthermore, the revival helped solve many social problems as well as spur the economy as buyers spend on fittings, furnishings, renovations and landscaping. This is not to mention the additional revenue earned by the 14 agencies involved in the development of a housing project, land authorities, banks and utility companies.

In a nutshell, Rahman said the

rehabilitation process helped move the economy.

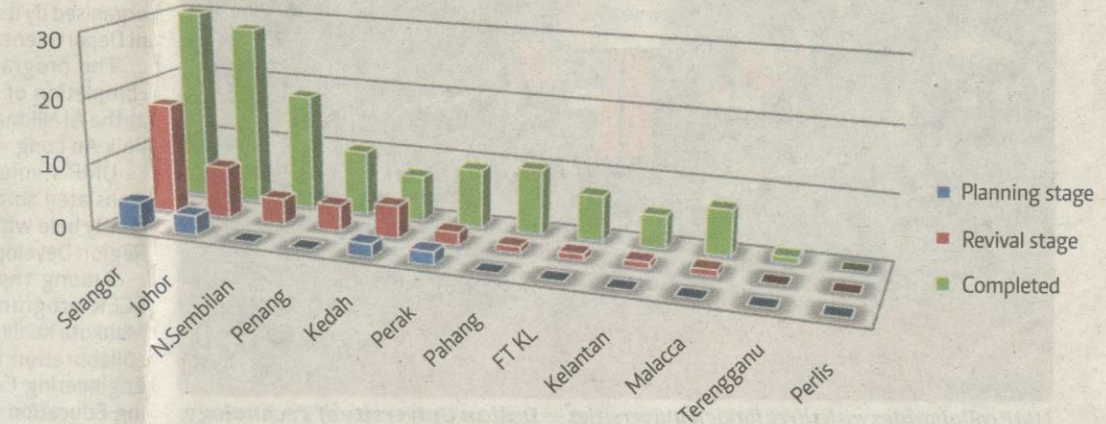
He also rubbished another claim that the exercise had benefited only Barisan Nasional-ruled states.

Of the 51 abandoned housing projects found in Selangor, the largest in the country for the period between 2009 and June 2013, 30 have been revived while 17 are scheduled for completion within the next 24 months. In the other Pakatan Rakyat-led states of Penang and Kelantan, the success rate is close to 100 per cent, with 10 projects completed in Penang while work on another four is on-going. In Kelantan, of the six projects, five have been completed while the last one is expected to be completed within the next two years (see Chart 2).

"In total, since 2009, we have coordinated the revival of 45 abandoned housing projects in the opposition-led states, with another 22



Summary of abandoned housing projects in Peninsular Malaysia by states
Chart 2
Dec 31, 2009, to June 30, 2013



Source: National Housing Department (NHD/IPN), Ministry of Urban Wellbeing, Housing and Local Government 2013



DIVISION PRAISED FOR REVIVING STALLED PROJECTS

NOT many may have realised this but the programme to revive abandoned housing projects will not be successful if not for the untiring efforts of a division under the National Housing Department.

The unsung hero is the Abandoned Project Rehabilitation Division (APRD), established by the then Housing and Local Government Ministry in 2009.

The division has been given the responsibility of coordinating the revival and rehabilitating of projects unceremoniously abandoned by developers, as well as solving a myriad of issues and problems faced by buyers.

A grateful victim, Seah Boon Keong, who purchased a unit in Taman Desa Aman, Penang, only to see the project abandoned later, said buyers like him had lost hope of owning their dream homes.

"However, with the conviction shown by APRD officers, we placed our trust in the ministry's hands and now, we have received the keys to our homes, a dream we thought would never happen."

Another buyer, Khairul Anuar Mohd Salleh, said purchasers set up an association to fight for their interests after the housing project in

project to be completed. If not for that, I would not be holding the keys to my house in my hands now."

The Taman Seri Derga project, completed last December, is one of the projects successfully rehabilitated without government funding.

Another purchaser from Kedah, Tengku Azman Tengku Mohammed, also attributed the successful completion of his house in Taman Raya Indah, Kulim, Kedah, to the efforts of the division.

He said it was the division's ability to overcome bureaucracy and gain the understanding and tolerance of all parties which had helped revive the project.

Yee Poo Yoon, president of the Housebuyers Committee of Taman Prima Hijau, Rawang, Selangor, expressed his gratitude to the ministry and the division for helping revive the construction of their houses.

"The division has been instrumental in finding the 'white



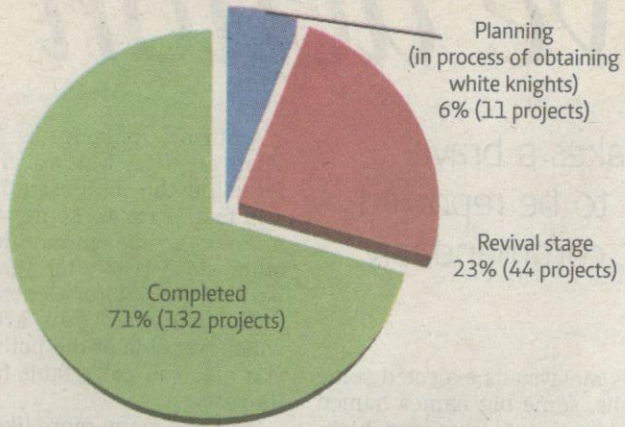
On-site visit to check on work to revive an abandoned housing project.

abandoned housing projects, adding that the rehabilitating programme's success rate was commendable.

The emotional and financial drain on victims often leave them suspicious of even the noblest efforts. Playing its role, the association continuously advises victims on issues to raise; the reasonable demands to make; and guidance on the terms and conditions involved in reviving their

Abandoned private housing projects in Peninsular Malaysia 2009 to June 30, 2013

Chart 1



Source: National Housing Department (NHD/JPN), Ministry of Urban Wellbeing, Housing and Local Government 2013

expected to be completed and handed over to purchasers within the next 24 months. This represents 30 per cent of the projects revived and en route to revival," Rahman said.

He said reviving abandoned housing projects was a tedious process and time consuming, with the division having to overcome various challenges and obstacles.

And for projects which had been left idle for a long time - more than 30 years in some cases - Rahman said the time lapse had made their revival more difficult.

"Lots of information are not available now as some projects were launched before the merger of the country's financial institutions."

Rahman said the ministry appreciated the move by Bank Negara in directing banks to disclose information on abandoned housing

projects to the division.

Before a project is revived, an in-depth assessment is carried out which looked into what caused it to be abandoned, amount of loans disbursed, the balance in the Housing Development Account, number of purchasers still servicing their loans, the amount paid and percentage of completion of the project.

The next process is seeking a contractor to resume the project.

The reviving process, said Rahman, also needed the cooperation of the local authorities, especially in sorting out issues, such as land ownership, land status, building plans and approvals.

Another challenge is meeting the requirements set by the utility companies of Indah Water Konsortium, Tenaga Nasional Bhd and Telekom Malaysia. Often, abandoned projects have utility requirements that are

different from the present specifications as they have been laid many years ago.

"We made so many complaints through so many channels. We even met the minister to highlight our case."

"In the end, it was due to efforts of the ministry which met various parties that paved the way for the

instrumental in finding the 'white knight' to complete the project and coordinate follow-up actions with various parties."

The National House Buyers Association has also endorsed the good work of the division and ministry.

The government, it said, had provided a recourse for victims of



Urban Wellbeing, Housing and Local Government **Minister Datuk Abdul Rahman Dahlan** in deep discussion with a victim of an abandoned housing project in Kuala Pilah, Negri Sembilan.

different from the present specifications as they have been laid many years ago.

Adhering to the new specifications may result in having to install new water and sewage pipes and electrical cables.

"This will push up the rehabilitation costs. The answer is to find a way to

work with the systems and cables that have been installed."

The revelation that some housing projects have been awarded to unlicensed contractors is also shocking.

While the government has been criticised over this, Rahman said

conditions involved in reviving their housing project.

Urban Wellbeing, Housing and Local Government Minister Datuk Abdul Rahman Dahlan said the division had to overcome many obstacles and challenges before a project could be revived, such as getting details of purchasers and cash flow of projects.

Working closely with the National Registration Department to get details of purchasers, it also placed advertisements in the media and made use of the social media.

"It's a tedious process but the officers are diligent in their work. They even traced a buyer residing in Japan,"

After a detailed assessment is made, the division will propose a plan to be considered by buyers, with a series of negotiations taking place to arrive at a decision endorsed by all parties.

"In some cases, buyers want to claim the Liquidated Ascertain Damages (LAD) and their project to be revived, which is impossible. If LAD is given, there would not be enough funds to revive the project."

"We explain to the buyers that they stand to gain more if the project is revived, even if it means pumping in more funds as the value of their property would have appreciated over time," said Rahman.

the issue would not have surfaced if everyone had played their role.

He questioned how architect and law firms, quantity surveyors and banks could have given their approval without running a background check on contractors and developers involved in their projects.