

Headline	No oversupply fear		
MediaTitle	The Star		
Date	22 Apr 2019	Color	Black/white
Section	StarBiz	Circulation	175,986
Page No	1	Readership	527,958
Language	English	ArticleSize	407 cm ²
Journalist	Thean Lee Cheng	AdValue	RM 9,731
Frequency	Daily	PR Value	RM 29,193



No oversupply fear

10,000 units of affordable housing planned for Bandar Malaysia won't affect overall property market

By THEAN LEE CHENG
starbiz@thestar.com.my

PETALING JAYA: The building of 10,000 units of affordable housing in the revived Bandar Malaysia will not result in an oversupply because there is a lack of them in the city, property consultants, an economist and government housing agency PR1MA said.

The project is located on the site of the former Royal Malaysian Air Force base in Sg Besi, Kuala Lumpur.

Perbadanan PR1MA Malaysia chairman Tan Sri Eddy Chen said: "PR1MA does not have many new units in Kuala Lumpur. The location will benefit those in the bottom and middle 40 income group as Bandar Malaysia is to be built as a transportation hub with connectivity to match.

"As a new mixed commercial/residential township, many job opportunities will be created for all strata of skill-level people. The affordable houses built will help this strata of workforce live near their workplace," he said, adding that he believed private developers would hope that they would be given an opportunity to participate in the affordable housing development there.

The proposed 10,000 affordable houses will not impact the current oversupply of residential homes in the Klang Valley as the majority of unsold units are not in that category, property consultant VPC Alliance managing director James Wong said.

Property consultant Khong & Jaafar managing director Elvin Fernandez said the reinstatement of Bandar Malaysia, from a top-down perspective, ought to be good for the socio-economic growth and development of Malaysia.

"However, in view of the substantial oversupply of high-end residential, office and retail space, it may be prudent to undertake the entire project, each phase and sub-phase only after high-level, detailed, independent, market

and feasibility studies and only proceed with the development, subject to the overall dictates of these studies.

Elvin said such studies should also be updated periodically to accommodate changes in the property market going forward.

Any special incentives, whether tax or otherwise, that may have to be given for the project, should only come after deep and due consideration, so that it does not disadvantage property owners who have invested capital in comparable properties in the larger neighbourhood of Bandar Malaysia.

Housing and Local Government Minister Zuraida Kamaruddin said Bandar Malaysia will have a new narrative with regard to affordable housing to empower the lower-income group in relation to home ownership and renting in Bandar Malaysia.

"There are various initiatives being planned," she said in a statement on Saturday.

Different views with regard to Malaysia's softened stand on reviving Bandar Malaysia have popped up a week after a similar reversal with the East Coast Rail Link (ECRL).

While Forbes said the "irrational" behaviour of both cases suggests that Malaysia is already "caught in China's web" from which "there is no escape", those contacted on home ground have so far viewed the about-turn more positively.

Socio-Economic Research Centre executive director Lee Heng Guie said there is "nothing wrong to revert the decision if the revived projects like ECRL and Bandar Malaysia meet the vigorous and robust assessment of cost-benefit, economic and financing viability".

"The government had initiated a thorough and objective review of high-impact projects to ascertain their viability, full costs and benefits, including the mode of financing within the government's budget and debt constraints.

"The review also includes looking at the aspects of fair price negotiation to eliminate

the element of corruption, shady deals and inflated cost as well as lop-sided agreement," he said.

This review had resulted in the deferment of some projects, axing of those deemed non-critical at this juncture; massive cost savings for the continuation of LRT3 and MRT2, and the revival of ECRL.

The more important consideration is the projects would serve as domestic economic growth generator and stabiliser over the medium term in order to partially cushion against the negative spillovers from unstable external environment, Lee said.

"The biggest challenge for Bandar Malaysia is to position itself as a competitive regional information and communications technology (ICT), commerce and business and transportation hub," Lee said.

Malaysia must aspire to be a global city supported by its commercial, financial, transportation, telecommunications, and information links. It cannot be just a regional hub city.

As for the 10,000 units affordable housing, pending what constitutes "affordable" price range in Bandar Malaysia, that is not expected to cause a significant impact on public and private developers.

Last week, the government said among the tweaks to the revived plan is the building of 10,000 affordable housing units to ensure that the low- and middle-income households are not left out of urban-city development. The government also added a people's park.

VPC Alliance's Wong said the resuscitation of Bandar Malaysia is "a clear balancing act of taking care of national interest with the building of 10,000 units of affordable homes, construction of a people's park and international interest".

"It will result in stronger ties with China, with China Railway Engineering Corp as the foreign partner in the consortium and with Bandar Malaysia being part of the Belt and Road initiative," he said.