

Chapter 6.

Recommendations

After going through the problems and prospects in housing industry and the strategic management process and models, the following is some recommendations to the private housing developers and also the policy makers of the public sector especially regarding low-cost housing and housing technology. These recommendations, hopefully, will help strengthen and facilitate the development of a robust and healthy housing industry in Malaysia.

Demographic Statistics

The developers must aware and always make use of the demographic statistics available. But this does not mean that the developers can do away with their market surveys. As mentioned earlier, developers have themselves to blame for their failure by oversupply in the market and the resulted overhang of properties. The demographic statistics should only be used as an overall or long-range tool for strategic planning in their property development.

“Demographics and statistics therefore should be more appropriately used as a long-range tool for strategic planning in property development. Population studies and the trends they project or indicate can be appropriately used by property developers for the long-term planning aspects of their business. Ability to anticipate future demand is often the recipe for success for developers” (Tong, 2000).

Demographic is only one segment of the general environment analysis. The other segments are economic, socio-cultural, global, technological and political/legal. The government provides general and macro-data but market surveys are still necessary and responsibility of property developers.

Although demographic statistics are useful to property developers, further fine-tune by the public sector will definitely enhance its usefulness and helpfulness to property developers. Demographic details, earning capacity, household income, expenditure patterns by the population and similar statistics are not made available to the people at large. Gross population figures as issued by the statistics department are not sufficient. More detailed data need to be obtained (Usilappan, 2000).

Policies Towards Foreigners

Shifting government policies have led to uncertainties encouraging and discouraging alternatively foreigners from buying properties in Malaysia. The need for a balanced and long-term view of foreigners' involvement in the Malaysian market is long over due. The prerogative of deciding such policies cannot, and should not, rest with the Foreign Investment Committee alone. Broadly, views of the people in the marketing and promotion of the property sector should be sought and incorporated.

It is encouraging to note that the National Economic Action Council had recommended some measures to encourage the purchase of local properties by foreigners. These are: (1) The guidelines of states and federal governments on foreign purchases of properties should be clear and consistent. (2) Once policies on foreign ownership are made, the government should keep them unchanged for many years so as not to send conflicting signals and create uncertainty among foreigners. (3) Allow foreign interests to acquire all types of residential property with values exceeding RM250,000. Foreigners should not be allowed to buy and own landed property (such as link houses, semi-detached houses and bungalows) costing RM250,000 or less to ensure that there is no over crowding out of local buyers at the lower price range by foreigners. Foreigners should not be allowed to buy and own strata units below RM 250,000. This relaxation pertains to completed projects as well as projects that are at least 50 per cent

completed. (4) Automatic approval will be given by the Foreign Investment Committee (FIC) for all applications that fulfill the stated conditions. (5) Ensure that all the acquisitions are financed through funds from abroad. These conditions follow the spirit of encouraging more foreign direct investments, vital for the industrialization of the country, and should be made standard not only for the interim period but for the longer term, to remove any uncertainties in the future (Usilappan, 2000).

Low-Cost Housing

One of the most contentious issues related to low-cost housing is that the units are allocated or eventually bought or inhabited by people who are ineligible on the income criteria. A national computerized register has already been instituted. (Unfortunately, until today, this is not fully operational in all states). Another measure, which has been proposed to overcome this problem, is the publication of the list of names and photographs of successful applications to allow the public to help weed out undeserving cases. There are also plans to require a sellback to the state government if the original buyer intends to vacate the low-cost unit. Proposals for a minimum period before resale (i.e., moratorium) is likely to be ineffective as there is no control over the price nor the eligibility of buyers on subsequent transactions (Ghani Salleh and Lee, 1997).

Without an effective distributive and monitoring system, low-cost houses will be vulnerable to speculative activities. The effort by private and public sectors to ensure enough low-cost houses for the low-income groups will be futile.

Housing Technology

Technology can make an important contribution in the development of a more efficient housing industry, raising productivity and lowering costs. Currently, there is a need to introduce new technologies to construct houses cost-effectively to meet the needs of rapid urbanization and labour shortage. There is also a need to constantly improve the technologies and materials used in construction and to adopt more cutting-edge technologies. Thus, the establishment of MAHSURI is timely and fully supported. Future researches must be applicable and meet the needs of the developers. Results of researches must be available and published timely (quickly) for the benefits of consumers and developers.

Bumiputera Ownership and Participation in Housing

The need to provide subsidies to bumiputeras to enable them to acquire houses at lower prices and to set aside an allocation for bumiputeras to increase their opportunities to acquire houses is understandable. This allocation is part of the second prong of the New Economy Policy (NEP), which aims to restructure society and to eliminate the identification of race with economic sector. However, the situation has changed significantly over the years. There are now bumiputeras (especially Malays) who have attained a certain level of wealth enabling them to enjoy the opportunities to own houses even without subsidies. These well-off bumiputeras should not be allowed to enjoy the same privileges as the poorer bumiputeras as it is unfair to the other ethnic groups. To curb this, it is recommended that the privileges of bumiputeras should not be extended to those who have attained a certain level of wealth. One of the ways to do this is by abolishing any price discrimination policy for bumiputeras who are buying luxury apartments and high-cost houses.

In addition, this privilege may be extended to poorer non-bumiputeras who should be given assistance in enabling them to own houses. Such a policy could

be applied in areas, which have a high proportion of bumiputeras to encourage inter-ethnic integration. In return, for those areas, which are dominated by non-bumiputeras, the housing quota for bumiputeras should be raised to more than 30 per cent (ISIS Housing Study Team, 1997).