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Title : Adopt Build-Then-Sell System

We refer to the report : “ Adopt build-than-sell system system ” (The New Straits Times, Monday, February 22). The number of fines being imposed on errant developers has been on the rise due to stringent enforcement measures by the Ministry. As a comparison the number of fines on developers for various offences under the Housing Development (Control and Licensing) Act 1966 (Act 118) through out 2009 has increased by 95.34% compared to 2008. The total amount collected from these fines too increased by 198.85% from RM872,200 in 2008 to RM2,606,600 in 2009. The number of cases where housing developers have been taken to court and the number where legal action has been initiated too has increased by a huge percentage. These figures speak for themselves and show the seriousness of the Ministry in enforcement.

The Ministry of Housing and Local Government is also very serious in tackling the issues of abandoned housing and has taken various initiatives and measures to overcome this situation. This process is an on-going process since the last few years. Since early 2009, the Task Force on Abandoned projects and 3 working groups are looking at the various aspects of abandoned housing and formulating policy measures, strengthening the legislation and enforcement to overcome abandoned housing. All these measures are actually bearing fruit and the number of project abandoned in the last 3 years has been drastically reduced.

The writer has misunderstood that there are 1,345 problematic projects. The number of problematic projects throughout the country are only 344 projects. Of these there are 63 projects that are classified as 'late' and 281 projects that are 'sick'. Out of these a number of projects are ready and awaiting CF. Thus, it is definitely wrong to say that there are 1,345 problematic projects.

As for the issue of “**Build Then Sell**” (**BTS**) variant 10:90, it has been exhaustively discussed at various forums and meetings including the Task Force on Abandoned Projects and the Working Group on Policy Matters. The government has agreed to the concept of BTS variant 10:90 to be implemented parallel to the concept **Sell Then Build (STB)**. Housing developers are given the choice to implement either the BTS variant 10:90 or STB system. However, due to various reasons the number of projects that have been implemented under the BTS system is very discouraging.

The National Housing Department had carried out research on the effectiveness of implementing the BTS variant 10:90 concept. The research showed that there are several driving forces as well as restraining forces in implementing the BTS variant 10:90 concept. From the developer's context, it was found that the financial strength of a company is of utmost importance.

This means that developers who wish to embark on the BTS variant 10:90 concept need to be financially sound.

The BTS system is currently being reviewed and the Ministry is holding discussions with all the industry players so as to reach a common understanding on the implementation of the BTS system.

Prepared by,

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