

# 'BTS will lead to house shortage'

## Group: Prices of property in the Klang Valley will shoot up due to demand

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**KUALA LUMPUR:** The Klang Valley could face a massive shortfall in housing if the policy to build-then-sell (BTS) homes is made mandatory, said the Malaysian Institute of Architects (PAM).

Its president Chan Seong Aun (*pic*) said the BTS model, mooted to prevent abandoned projects and buyers from being victimised, will cause homes to cost more because unlike the sell-then-build (STB) concept, buyers don't share in the cost of development with



progressive payments while developers incur all the risks.

"Forcing BTS on the property sector would result in fewer developers in the market and fewer developments.

"When there is a shortage of supply, prices will go up," said Chan.

In January, Urban Wellbeing, Housing and Local Government Ministry director Gurdev Singh said the ministry is consulting developers and other stakeholders on how to implement BTS.

However, Chan said the policy does not bode well for the Klang Valley, or Greater Kuala

Lumpur, whose population is set to increase from 7.8 million to 10 million by 2020.

"Some 500,000 new homes need to be built in the next five or six years to meet demand."

The public, he said, should be given a choice to opt for either the BTS or STB.

Under the proposed BTS policy, buyers pay just 10% downpayment while the remaining 90% is paid after the project is completed. For STB, progressive payments are made until the property's completion.

Chan said the major cause of failed projects is cash flow and suggested a further 10% progressive payment if the BTS model is made mandatory.

Architect Chee Soo Teng said major property developers could still bypass the BTS policy by selling completed units on the secondary housing market once a Certificate of Completion and Compliance is issued to a building.

"Why would a developer sell a completed unit, which is worth RM750,000 in the secondary market, for less?" he asked.

He noted that abandoned projects were no longer a major issue due to stringent requirements imposed on developers.

National House Buyers Association secretary-general Chang Kim Loong, however, said the Government should uphold its pledge to make the BTS mandatory by 2015.