

URBAN RENEWAL ACT: Finding a balance between progress and societal needs

ZAHID IZZAN/UTME 2306

Act will consider social aspects of redevelopment, Nga says

FROM PAGE 60 Right to own property enshrined in constitution

However, regardless of whether the owner of a strata unit is a former banker in Desa Kudalari — the country's first luxury high-rise condominium in Kuala Lumpur City Centre — or a pensioner in Projek Perumahan Rakyat (PPR) Gombak Setia, they share the same rights to their property.

"It is not appropriate if the government wants to lower the threshold, and have the opposing owners sell their properties," says Ratipah Adam, 66, an owner at PPR Gombak Setia.

"When I bought the unit, it was for my children, so that they have a place to stay. If they force me to sell, at RM200,000 or even RM300,000, where in KL could I buy a property that is suitable for me and my children at that price?"

If 80% of the owners at PPR Gombak Setia, where she lives with one of her sons, agree to a proposal for an en masse buyout, the rights of the opposing 20% must still be respected, she stresses.

Ratipah says if DBKL or any property developer were to buy over PPR Gombak Setia, she would like to be compensated with a unit within the city, with good access to public transport and other facilities. It should also be of a suitable size and have enough bedrooms.

Ratipah's sentiment for her home is actual-

ly protected under the Federal Constitution.

Article 13 of the constitution states that no person shall be deprived of property, save in accordance with the law. It also states that no law shall provide for the compulsory acquisition or use of property without adequate compensation.

For Chang of HBA, the pertinent question is whether a law can be enacted to deprive someone who is the legitimate registered owner of his property and home.

"[The] answer is a resounding 'No'," he says.

The social aspects

Chang argues that the proposed URA is nothing but an effort to gentrify the city — a situation where the low-income residents of an area in a city are pushed out as newer, pricier developments come in, causing the cost of living to skyrocket.

Nga says the URA will consider the social aspects of redevelopment. No residents of a targeted redevelopment area will be left on their own once their properties are acquired, he assures.

"We will make sure the developer that wants to build, perhaps they should just build one block first [within the development]. Once you get to move them somewhere else, then you start demolishing the blocks.

"You take down one block first. Those whom you have paid, you move them out, get them a new house first, then you de-

molish their block," Nga says. He adds that if the value of the units does not allow them to buy a new home, they can take out a loan.

This is a matter of concern, as many of the old, dilapidated flats are very small. This means they may not fetch a good enough compensation to buy a new unit within the city.

Nawawi Tie Leung Property Consultants Sdn Bhd's executive director and regional head of research and consulting Saleha Yusoff's has concerns over the social aspect of redevelopment projects.

As the new units could be larger, with prices that are higher than the market value of the older low-cost units, there are two possible outcomes: Owners may be asked to pay for the bigger units, or they may be offered compensation to relocate.

"Relocating is not always an easy decision because the act of uprooting the residents for 'the benefit of the larger community or commercial objectives' ignores the 'S' part of ESG (environment, social and governance), in my opinion.

"Some residents might be at their retirement age, so finding new houses will be challenging as they will not qualify for housing loans. They might not have the money to top up for the bigger units," she points out.

When asked whether the URA would include a provision requiring the redevelopment of an existing building to include

affordable housing, KPKT says there is no specific provision for this.

The ministry says this is because the provision for affordable housing in a redevelopment depends on the policy outlined by the state government.

"However, the state authorities can set the exception to the provision for affordable housing as one of the incentives, as a strategy, to encourage and increase the viability of urban redevelopment programmes," a ministry official says.

The concern that existing residents will be pushed out of an area due to urban redevelopment is echoed by Siva Shanker, CEO of estate agency at Rahim & Co International Property Consultants.

He says the proposed URA must take into account the legitimate interests of the opposing owners, so that it will not be viewed as a "land grab".

"[The URA] has to take into consideration that property redevelopment comes with many repercussions — physical, financial, and social and humanity. If not, it can be viewed as a land grab, for lack of a better word, at the hands of some greedy people.

"If this act needs to be successful, then it has to be tempered with humanity because you must not only take care of the majority, but also the minority. Unfortunately, democracy is not a fair system, to me. Okay, the majority won, but must the minority lose everything?" he asks.

STORIES BY **KAMARUL AZHAR** AND **RACHEAL LEE**

Along Jalan Tun Razak, on what is now an empty piece of land but for the Titiwangsa MRT station, once stood the imposing Pekeliling Flats public housing project — one of the earliest in Kuala Lumpur.

The flats were demolished several years ago to make way for luxury condominiums. A few years ago, MKH Bhd (KL:MKH) developed TR Residence, a 35-storey serviced apartment project, on a plot of land there. The selling price is between RM493,000 and RM1.23 million a unit. The second phase, called TR2 Residence, is currently being developed, also by MKH, with units priced from RM516,000.

The Pekeliling Flats' deplorable condition before it was torn down is representative of how public housing projects in the country have deteriorated. Public sanitation services were irregular and maintenance crews only visited when a facility broke down.

The lack of a maintenance culture, sense of responsibility and accountability among residents all contributed to the flats' slum-like conditions as the years went by.

At the same time, since they were built decades ago, the Pekeliling Flats — along with the San Peng Flats and Hang Tuah Flats, just to name but a few — are in strategic locations in the city.

Take the Pekeliling Flats, for example. The land where they once stood is served by three urban rail networks — the KL Monorail, Sri Petaling LRT Line and Putrajaya MRT Line — as well as being just a stone's throw from Hospital Kuala Lumpur, Istana Budaya and Titiwangsa Lake Gardens. As such, the land is coveted by property developers.

However, buying over the strata titles of all the owners would be a monumental task as the current law requires 100% agreement.

"That [agreement from all owners] makes urban redevelopment basically impossible.

Worse than Tom Cruise's *Mission Impossible*," Minister of Housing and Local Government (KPKT) Nga Kor Ming tells *The Edge* at his office in Putrajaya.

According to Section 57 of the Strata Titles Act 1985 (Act 318), unanimous resolution needs to be achieved before any termination of the strata titles of a subdivided building can take place.

As a result, cases of a stratified building being acquired by a developer and redeveloped are few and far in between. In most cases, efforts to get all the owners to agree to sell their parcels to a developer ended with a few holding out.

Therefore, KPKT is seeking for the threshold of consent from strata owners to be lowered to 80%, through the proposed Urban Renewal Act (URA), which is currently being drafted.

KPKT is targeting to submit the bill to parliament by November. And Nga seems adamant to get it passed, saying Malaysia is 30 years behind other Asian nations in urban redevelopment.

"I sincerely believe that it (URA) will transform our cities and change the history of our country. We are 30 years behind [other Asian countries such as Singapore and Hong Kong]. As a result, what happened [to our cities]?"

"You go to Pandan, Cheras, Sentul, there are so many slums in the city, not fit for human habitation anymore. Yet because of the current law, urban redevelopment is impossible," he says.

Nevertheless, if the poor condition of the flats is the main concern, shouldn't the government take action on the maintenance, repair and upgrading of these projects, rather than drafting a law that makes it easier for property developers to take over an entire development?

This is the concern of National House Buyers Association (HBA) chairman Datuk Chang Kim Loong. "The government justifies its rationale for proceeding with the drafting of this new law as it claims that there are



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numerous developments which are dilapidated, structurally obsolete and unsound, populated by unfavourable residents, which gives rise to crime.

"However, it behooves us to ask some pertinent questions as to the real reason behind this proposed redevelopment law and, more importantly, do we really need such a law in order to ensure that our urban areas are safe and secure for habitation?"

For developers, the main challenge in redeveloping projects in Malaysia is getting enough owners to agree to the redevelopment or, in other cases, they may have different ideas on how to redevelop it, says Datuk N K Tong, president of the Real Estate and Housing Developers' Association, or Rehda.

He believes the URA is a timely piece of

legislation, as other countries such as Hong Kong and Singapore have had urban redevelopment authorities and corresponding legislation for decades.

"As Malaysia continues to advance towards developed nation status, it needs such an act to bring it into a new, modern era. The URA is a very strategic initiative by KPKT to revitalise the city centre, especially Kuala Lumpur, to remain competitive and to continue attracting investments into the country. And if parcel owners choose for their property to be redeveloped, then developers may be called in to assist parcel owners in the process," Tong says.

"Some quarters have claimed that this regulation is designed to enable developers to seize land for profit. Just to be very clear, developers have a much easier time buying vacant land for development."

Tong reckons the interests of both the minority who may prefer to have no redevelopment and the majority who may want redevelopment need to be protected.

He anticipates that the URA will take "a very balanced approach to urban redevelopment that is transparent and fair to all city dwellers", and also emphasise the importance of heritage and cultural preservation, where appropriate.

In addition to turning dilapidated buildings into new, habitable urban dwellings, Nga says the redevelopment of some 139 pieces of land in Kuala Lumpur could generate an estimated gross development value (GDV) of RM332.5 billion.

"Imagine, if we can push for RM322 billion GDV, how many jobs can be created, how much profit can be made? And how many economic activities ... The most important is improving the living quality of our people.

"At least with the URA, people have an option. Now, people who stay in Cheras, Sentul, Pandan Indah, have no options. You imagine, if I sit here as a housing minister and I do nothing for the next 10 years, you can imagine our city skyline becoming like Mumbai [with its slums]," he says.

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