



# Persatuan Pengguna Pulau Pinang Consumers Association of Penang

檳城消費人協會 பிளாங்கு பயனீட்டாளர் சங்கம்

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## Press Statement

31 July 2019

### Low Cost Housing Units Which Are Not Low Cost

Developers in Penang have to comply with a “Compliance Clause” that requires them to build 30% of public housing – ie. low cost (RM42,000.00) and Low-Medium Cost (RM72,500.00).

Applicants for these houses who are qualified and registered with the State’s Housing Department are sent offer letters by the department when these units are available.

Happiness turns to sadness, even dismay, when they go to the developers named in the offer letters and find that they cannot purchase these unit unless they also purchase “renovation packages” and car-parking lots which makes the price almost double.

The State Authorities claim the car parks and renovation works are optional and purchasers need not purchase these if they don’t require them or can’t afford them. But the reality is different – developers refuse to sell if the purchaser does not agree to take the renovation packages.

The whole purpose of housing for the low income group is lost if there is no firm control to ensure that purchasers are able to sign a Sale and Purchase (S&P) Agreements at the controlled price without arm-twisting by developers to make them buy renovation packages as a condition to purchase a low cost or LMC unit and claiming that the purchasers voluntarily took up the “offer” to purchase renovation packages.

We have received complaints about this from time to time. In a recent case, LMC units officially priced at RM72,500.00 were sold by the developer at prices ranging from RM120,000.00 to RM189,000.00. We wrote to the developer asking for the breakdown of a unit sold at RM130,000.00 and received it as follows:-

Item Description	Unit	Purchase Price (RM)
House	1	72,500.00
Car Park	1	30,000.00
Floor Increment Selection (RM1,000-00 per floor)	15	15,000.00
Corner Unit Selection	1	8,000.00
Legal Fees and Disbursements for Sale & Purchase Agreement		1,300.00
Legal Fees and Disbursements for Banking Facility		3,200.00
<b>Total:</b>		<b>130,000.00</b>

The car park costing RM30,000.00 was not even stated in the S&P. According to the Housing Department, all units on whichever floor are priced at RM72,500.00. In this case the developer charged RM1,000.00 extra for each floor upwards: and an extra RM8,000.00 for “corner unit” which is exactly the same as the intermediate units.

If the State Government is serious about housing for the lower income groups, then it must do more than merely issuing a letter of offer to the registered applicants. It must take pro-active action to ensure that those offered these houses can actually purchase them at the stated price without developers arm-twisting them to sign renovation package agreements together with the S&P’s, or not be able to sign S&P’s only.

The least the State Housing Department could do is to arrange for the S&P’s to be signed at the Department’s office in KOMTAR. Any purchasers who want to take up the renovation packages or purchase car parking lots can enter into separate agreements later. This will ensure the developers do not arm-twist the purchasers to take up the overpriced “renovation” packages as a pre-condition to signing the S&P for the housing units.

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