

In defence of developers

THERE has been much dispute in the media lately over several development projects here in Malaysia. Many development projects have been getting negative publicity due to complaints from non-governmental organisations (NGOs) and associations. At the same time, several developers also got the short end of the stick when a state government imposed a blanket ban on all developments on Class 3 and 4 slopes.

Development, be it residential or commercial in nature, is a good thing and should be encouraged. For major cities in every state, and important states in every country, development should be a continuous occurrence. Cities are the central economic hubs, forming the vital links in supporting a country's economy and in keeping it going, and therefore they need to be constantly developed and re-developed.

Development could mean an enhancement of existing buildings or building new properties to accommodate the expanding population or their thriving businesses. Continuous development demonstrates the energy in an economy. This, in turn, reflects a conducive environment for both local and foreign investment.

While many of the concerns expressed by these NGOs and associations may be sound, they can absolutely be managed in ways that would be acceptable and beneficial to all. Heritage buildings, for example, can be redeveloped so that they

respect and preserve the legacy inherent in them. Hillslope developments, too, are viable, provided measures have first been taken to strengthen the land.

There are always two sides to a story – we need to listen to the facts, the pros and cons in every situation, and find the right balance. One must understand that when a property development project is undertaken, it is a business venture – the company in question would have invested in the land, and ensured that all development approvals are in place before work can commence. Hence, when a blanket decision to bar development is announced, this would cause many companies to suffer losses. At the

same time, when any NGO or association attempts to stall a project which already has all the required approvals in place, there will be a negative impact on the investment climate and the economy.

One of our low-density developments, Damansara 21 in Damansara Heights, has been receiving complaints from residents adjacent to the site. In this case, we have already put a lot of investment, including the cost of the land, as well as RM34mil to enhance the stability of the slope. A lot of time and effort has also been put in to development planning, obtaining approvals and appointing top quality consultants for the project.

For developers with outstanding bank loans to service, any reversal of legitimate approvals is undeserved. Turnarounds in policy often cause huge upheavals to the business community and regulators alike. Bankers who finance these developments will, in time to come, be forced to take a haircut. At the same time property developers are responsible to their shareholders and are accountable to safeguard their investments.

What we need is not for developments to be halted per se, but rather for more stringent rules and regulations governing developments and developers who are building on more "sensitive" areas, such as hill slopes. We also need these regulations to be implemented and monitored rigorously. As developers, we have the responsibility to be transparent. We need to ensure that all required approvals are in order and we should be ready to demonstrate this to members of the public at any time.

Once government approval has been granted for a development project to proceed, there should not be any more going backwards

and forwards. In Singapore, for example, the allowable density for a parcel of land is published by the Urban Redevelopment Authority (URA). Thus, investors are very clear on what can be developed, and can determine their returns beforehand. If things are done in this straightforward manner, then the way forward is clear. When both developers and home purchasers know with certainty what they are getting themselves into, they are more willing to invest.

If a development project can be hindered due to dissatisfaction from different quarters, in spite of the project having adhered to stringent rules and regulations set out by the governing bodies, then there will certainly be negative repercussions on the investment climate of the nation. Investors find it difficult to put their money into business ventures when there is uncertainty over the expected returns.

A couple of weeks ago, the Vietnamese dong was devalued by 2%, with analysts speculating that it may fall 10% by the end of

this year. As a "competitor" to Vietnam in terms of attracting foreign direct investment, Malaysia should view this as an opportunity. We already have a lot of infrastructure in place. We have a lot going for us.

However, we will not be able to attract foreign direct investment if we are seen to be uncertain in our policies. Investors want certainty – they need to know that their investment will be productive in an environment that does not threaten to change overnight.

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