

**ABANDONMENT OF HOUSING PROJECTS IN MALAYSIA:
CONTRIBUTORY FACTORS AND EFFECTS ON PURCHASERS**

By

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The students/authors confirm that the work submitted is their own and that appropriate credit has been given where reference has been made to the work of others.

ABSTRACT

The problem of delay in the construction industry is a national issue in Malaysia. The main purpose of this study is to identify the causes of house abandonment in Malaysia and its effect on the house buyers. This study takes an integrated approach and attempt to analyse the causes and consequences in detail. The interview was held with the officer of Ministry of Housing and Local Government, officer from Malaysia Building Society Bhd (MBSB), bank, developer and victims of house abandonment to identify the real factors of house projects being abandoned. The achievement of this paper would be to provide a better solution or recommendations to curb the issue. It is hope with this research; it will benefit the students, researchers and local authority.

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CHAPTER ONE: INTRODUCTION

1.0 Introduction

In the era of development of housing industry in Malaysia, the gravest problem is the abandonment of housing projects. A lot of housing project being abandoned across the country. House purchasers right to completion of houses on time are ignored. People are getting restless and no proactive solution could be used. The housing industry continued to flourish and blooming to the benefit of the people. However, this parasite which is the irresponsible errant developers hide behind the inefficient law had stained the reputation of the industry.

It cannot be negating that house developer should be blame but the ministry itself bear most of the responsibility. This is because they exercise the law and enforce them. The recent approach by Malaysia is the implementation of Build-Then-Sale (BTS) system, which is the inverse system now. However, this system is said to be flawed as the greatest obstacle is finance. The cost of building houses are rapidly increasing and a developer does not simply build a house without the stable finance to cover the costs of human labor, cement, bricks, timber and many more.

Thus, more exhaustive studies into the problem are needed to find the best solution that can protect the buyers and without discriminating the developers. Before elaborative study is carried out, a housing project can be defined as abandoned when construction activities on site of the housing construction project have stopped for six months or more consecutively, after the expiry of the Sale and Purchase Agreement (S & P) executed by the developer and the purchaser or; the developer has been put under the control of the Official Receiver; and Housing Controller is of the opinion that such developer cannot duly proceed with the execution of its obligations as a developer.¹

Meanwhile, Part VI of Housing Developers (Control and Licensing) (Amendment) Act 2001 consists of thirty-four new sections. Section 16A of the Act defines 'homebuyer' to mean a purchaser and includes a person who has subsequently

¹ Ministry of Housing and Local Government, "Laporan Senarai Projek Perumahan Terabengkalai Dari Tahun 1990 - Jun 2005 (List of Abandoned Housing Projects From Year 1990 - June, 2005)" (2006)