

THE EFFECTIVENESS OF GOVERNMENT
POLICIES IN ABANDONED BUILDING-
BUYERS

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STUDENT'S DECLARATION

I hereby declare that the work in this thesis is based on my original work except for quotations and citations which have been duly acknowledged. I also declare that it has not been previously or concurrently submitted for any other degree at Universiti Malaysia Pahang or any other institutions.

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ABSTRAK

Perumahan terbengkalai sering berlaku di seluruh dunia. Maksud ‘terbengkalai’ itu sendiri menunjukkan bangunan tersebut telah ditinggalkan atau diabaikan disebabkan oleh situasi atau masalah tertentu. Perumahan atau projek terbengkalai adalah isu yang sering berbangkit yang tidak pernah selesai di negara ini. Kerajaan Malaysia telah mengambil langkah dengan mewujudkan undang-undang yang membela pembeli rumah yang membeli rumah daripada pemaju perumahan melalui Akta 118, Akta Pemajuan Perumahan (Kawalan dan Perlesenan) 1966 yang telah dipinda untuk membantu pembeli-pembeli rumah di Semenanjung Malaysia daripada berterusan menjadi mangsa pemaju perumahan. Kaji selidik dalam kajian ini fokus kepada sebab-sebab berlakunya perumahan terbengkalai (seperti masalah kewangan, rasuah dan penipuan, konflik antara pihak-pihak yang terbabit, pengurusan yang tidak teratur dan sebagainya). Lain-lain adalah pihak yang bertanggungjawab dalam perumahan terbengkalai, kemelesetan ekonomi dan isu undang-undang di Malaysia. Kaedah yang digunakan dalam kajian ini ialah dengan mengumpulkan data daripada hasil pengagihan borang kaji selidik kepada pihak-pihak yang terlibat dalam sektor pembinaan antaranya seperti pemaju, perunding, kontraktor, kerajaan dan pihak-pihak lain yang terlibat secara langsung atau tidak langsung dalam pembinaan. Hasil daripada penyebaran borang kaji selidik tersebut, maklumat-maklumat yang diperlukan dalam dapat dianalisis untuk mengetahui keberkesanan undang-undang yang telah diperkenalkan oleh kerajaan terhadap pembeli dan langkah yang boleh diambil untuk menangani isu perumahan atau projek terbengkalai.

ABSTRACT

Abandoned building are the common thing happened around the world. The term 'abandoned' itself show that the building that has been left out or been declined for certain situation or problems. Abandoned building is one of the issue in construction industry that never be settled down until now. The abandoned building has affected many people especially the buyer of the building. Government has stepped up to create laws that would protect buyers who buy house from the developer. Act 118, Housing Development (Control and Licensing) Act 1966 amended to help those buyers in Peninsular Malaysia from become continuous victim. The literature review in this study will focused more on the causes of abandoned building (financial problem, fraud and corruption, conflict between parties, mismanagement of the construction project etc.), the possible parties that responsible in abandoned building, the economic recession and legal issue in Malaysia. The method used in this study to collect data is distributing the questionnaire survey to the people in construction industry such as developer, consultant, contractor, government and other that are related in construction industry. From the respondent's point of view, the data been analysed to find out the effectiveness of government policies towards buyers and possible solution to solve the abandoned building issue.

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LIST OF SYMBOLS

MHLG	Ministry of Housing and Local Government
MUWHLG	Ministry of Urban Wellbeing, Housing and Local Government
PPR	People's Housing Programme
PR1MA	1Malaysia People's Housing Scheme
RII	Relative Importance Index
SDBA	Street, Drainage and Building Act 1974
TTPR	Tribunal for Homebuyer Claims
UBBL	Uniform Building By-Laws 1984

LIST OF ABBREVIATIONS

Act 118	Housing Development (Control and Licensing) Act 1966
Etc.	Et Cetera (and so on)

CHAPTER 1

LITERATURE REVIEW

1.1 Background of Study

Abandoned building are the common thing happened around the world. The term 'abandoned' itself show that the building that has been left out or been declined for certain situations or problems. Abandoned building is one of the issue in construction industry that never be settled down until now. In Malaysia, a housing project is regarded as abandoned when the construction project is not completed or the housing units are not ready for occupation (Abdul-Rahman, Alashwal and Aziz Abdullah, 2016). Abandonment may have happened at any stage of a project lifecycle, and incurred any amount of loss (Yap and Tan, 2018). The abandonment been declared unofficially when the building is left out for a long period and nobody concerned about it anymore.

The construction industry in Malaysia has always been tarnished by the problem of abandoned project (Yap and Tan, 2018). The consequence of the abandoned projects depends on the projects. For public projects, even though it will affect the citizens in the country, but the consequences are not directly felt by the citizen because the effects are absorbed by the government's reserves as government responsible for the consequences. For private non-housing projects, the consequences are commonly surrounding the construction project player such as clients, contractors, consultant and many more. The parties affected suffer devastating losses as monetary losses, bad reputation and also bankruptcies.(Yap and Tan, 2018). For private housing projects, the main victim surely the buyers of the house. Many buyers continue pay for the service loans for the house that has never been built or would not completed and pay rent for the existing accommodation (Khalid, 2005). To protect the buyers' right, government take an initiative amended the existing act to improve the legal aspects (Tan, 2016) for the buyers.

The overall purpose of this research is to study the Malaysia's Act to buyers in abandoned building/housing issue and to identify the act implementation to the buyers in buy and sold in Malaysia. The Housing Development (Control and Licensing) Act 1966 (Act 118) is the important act in control and licensing of housing development business for the Peninsular Malaysia and protect the purchaser's right. This act has gone through five times of amendments in which the last amendment was made on 12 April 2007. The Housing Development (Control and Licensing) (Amendment) Act 2012 ("Act 1415") which was gazetted on 9 February 2012 came into operation on 1 June 2015. Even though the Amendment Act was gazetted in 2012, the act not enforced earlier because the act must be enforced together with the Strata Management Act 2013 and Strata Titles Act (Amendment) 2013 (Tan, 2016). From this research, the solution to overcome the abandoned building/housing due to government policies will be happen.

1.2 Problem Statement

Abandoned building has become a serious issue in Malaysia. When the number of abandoned building are increasing, it can cause problems for the atmosphere, commerce, community and tourism. The atmosphere of the vacant properties feel that place has been neglected. It also affect the commerce and community because it encourage people from visit that area. When people start ignore the area, it will reduce the new business happen. When there is decreasing in business or development in one area, it can affect the growth of neighbourhood or community in that area. Other than that, people are usually less attracted at the place that feel empty. Nearly one-third of all abandoned housing projects in the country since 2009 are in Selangor, said Urban Wellbeing, Housing and Local Government Minister Tan Sri Noh. Noh added, the statistics that obtained from ministry discovered 81 abandoned building projects involving 29,134 units and 20,640 house buyer around 2009 were recorded (Omar,2017). The large number of abandoned building quite worries for the country towards to vision 2020 to become a self-sufficient industrialised nation. West Malaysia such as Sabah and Sarawak also no exception to face the abandoned building issue.

1.3 Objectives of Study

The aim of this study is to investigate whether the effectiveness of government's policies can solve the issue of the abandoned building especially to the homebuyers. This will be achieved through the following objectives:

1. To study the Malaysia's Act to buyers in abandoned building/housing issues
2. To identify the Act implementation to the buyers in buy and sold in Malaysia
3. To propose suitable solution to overcome abandoned building/housing project due to government policies

1.4 Scope of the Study

The study covered on the issue of abandoned building that existence in Peninsular Malaysia only because The Housing Development (Control and Licensing) Act 1966 (Act 118) used for the study not implemented in Sabah and Sarawak because both state have the own housing laws. The questionnaire survey is used to investigate the effectiveness of government policies in abandoned building towards the buyers whether the act implemented right now in Peninsular Malaysia can help the buyers from being a victim who should not be involved in the problems of abandoned building. From this survey, the prevention method and reviving solution of abandoned building that burdened the buyers can be achieved. The survey will be participated from any sector of construction organization such as developers, contractor, government and consultant in Peninsular Malaysia since those organization are the important parties that involved in construction project.

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