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STRATEGIES ON THE INVESTMENT AND RESUSCITATION OF ABANDONED PROJECTS

CASE STUDY: SELANGOR & KUALA LUMPUR

Soraya binti Othman¹

Abstract

Real estate development has an enormous impact on society since it produces shelter as a fundamental need for survival. Ironically, Malaysia's real estate sector has been struggling for more than two decades due to the increase of abandoned projects. Since Asian Financial Crisis, the property sector in Malaysia has undergone tremendous and significant changes over the years. As a result, the land became idle and abandoned projects became a critical issue. The problem has reasonably caused hardships and affected the financial status of many purchasers where majority of the purchasers involved are from lower income and civil servants. Abandoned projects also affect other related industries such as suppliers of construction materials, transportation companies, contractors and consultants. The symptomatic of various problems has reasonably reflected the weakness of government and gave a valuable lesson for them to be extra careful when analyzing the developers' capability before issuing the developers' licenses. A housing project is classified as abandoned when there is no activity at the project site, continuously, for more than six months after the expected date of delivery of vacant possession. Statistically, the plight remains as a major thorn of the society. The enormity of the problems appears to be deteriorating as verified by local media and non-profit organizations that often devote considerable

¹ The University of Tokyo, Tokyo, Japan – sorayaothman@urban.t.u-tokyo.ac.jp

time and energy focusing on the problem. Utilizing the economic stimulus package, a special government agency named Syarikat Perumahan Negara Berhad (SPNB) has been set up in the spirit of resuscitation. Property companies who are equipped with know-how and expertise are also encouraged to have the willingness in the prospect of brownfields redevelopment. Nevertheless, due to the greater risk of the investment, the number of white knights is still insufficient. This could perhaps be due to the fact that the resuscitation of abandoned project is a complicated affair involving various parties namely developer, purchasers, bridging financiers, consultants and land owners. Hence, it is the concern of this research where experts from reputable property developers that have successful and reliable history by being appointed as project revivers were being interviewed. With the existence of related analysis, this study intends to provide proper justification of the factors that lead to the willingness of Malaysia's developers to play the reviver role as part of corporate social responsibility. The study also exposed the important factors, criteria and strategies in determining the best investment decision on abandoned projects and ascertains the project's viability by using investment models and analysis. In conclusion, this study indicated that Malaysia's investors are prepared to invest in abandoned projects bearing in mind that the project is marketable and has investment opportunity. In order to alleviate the problem of abandoned projects, Malaysia should have stringent rules to prevent any company to become developer unless they have certain amount of capital in order to be used as resources for the project development. Moreover, before a project could be approved by relevant authorities, rigid effort is needed to review the viability of the project.

Keywords: Abandoned Project, Brownfields Redevelopment, Real Estate, Developer, Investment.

1. Introduction

Malaysia's property sector has been struggling for more than two decades due to the increase of abandoned projects. The problem has reasonably caused hardships and affected the financial status of many purchasers where majority of the purchasers involved are from lower income and civil servants. Abandoned projects also affect other related industries such as suppliers of construction materials, transportation companies, contractors and consultants. The problem occurred due to the utilization of Sell Then Built (STB) concept in Malaysia, where the purchasers are the financier

of the project as well as the investors who give property developers money beforehand through housing loan with financial institution, with an objective to build residential property. The problem remains as a major thorn of the society until today. Datuk Ng Seing Liong, Immediate Past President of Real Estate and Housing Developers Association Malaysia (REHDA) clarified that the cause of abandoned projects was caused by inexperienced developers who fail to manage cash flow projection and lack of capability to realize the critical situation when the cost overruns involved in constructions. Banks are also not prudent and cautious enough by making errors of over lending to developers (The Edge, 3 February 2009). Poor planning and incomprehensive market study where the mismatch of supply and demand patterns exists in project location also contribute to poor sales performance.

Ministry of Housing and Local Government will focus its attention on helping to revive housing projects that have been abandoned in order to alleviate the difficulties of the buyers as well as the developers affected by such projects. Due to aftermath of the Asian Financial Crisis, the federal government has set up a special agency named Syarikat Perumahan Negara Berhad (SPNB) to rehabilitate hundreds of abandoned property projects nationwide. In Budget 2009, SPNB has been allocated RM200 million of the RM7 billion economic stimulus package for the rehabilitation of abandoned housing projects (The Edge, 13 March 2009). Prior to the seriousness of the issue, in November 2011, an amendment has been made towards the Housing Development (Control And Licensing) Act 1966 where it stated that the parties who are responsible with the act of abandoning property projects will be considered as committing criminal offence where they will be fined (around 83,000 USD to 166,000 USD) or jailed up to three years, or both. Furthermore, under the Government Transformation Program Roadmap, one of the Ministry's Key Performance Index is to revive at least 35 abandoned projects by end of 2012.

Accordingly, in February 2012, the policy has been changed where SPNB will no longer rehabilitate abandoned projects. Another way of taking over and resuscitation of abandoned projects by the ministry is through making appropriate recommendations to the Commissioners of Buildings who will fully manage it by working with both financiers and property developers (being referred as white knights) which can include further injection of funds, improving the design of the houses or even reducing its price. As part of the responsibility, property companies

who are equipped with know-how and expertise are encouraged to have the willingness to invest in reviving abandoned projects as it is certainly crucial for developers to uphold their responsibilities by supporting community welfare. Ministry of Housing and Local Government will only act as advisor to project revivers and other affected parties in order to ensure their full co-operation and commitment to revitalize the scheme. The situation is supported with a speech announced by former Minister of Housing and Local Government, Datuk Seri Kong Cho Ha (2009):

“The ministry is not in the position to take over abandoned projects as it will cost a substantial amount of taxpayers’ money. Also, they must understand that there are many unsolved problems associated with abandoned projects such as claims from buyers, bank borrowings and other liabilities, which are best left to the professionals to resolve. That is the reason why the ministry takes on the role of a mediator who looks for white knights to help revive abandoned projects.”

In reality, there are not many project revivers who are willing to invest in abandoned projects for the fear that it is a risky investment if compared with investment on new project developments. It is because managing and reviving abandoned project is a complicated affair involving developer, purchasers, bridging financiers, landowners and other parties. In order to reach a consensus, the whole process will take time since each party wants to protect its interest. However, despite all the hurdles and challenges, there are also some project revivers who have sufficient resource and willingness to take over abandoned projects in Malaysia. Therefore, the issues that can be discussed in this research are the factor that prompts the project revivers to revive abandoned projects at first place and their strategies on the investment and resuscitation of abandoned projects. There are limitations on this research, as it was mainly focused on developers who undertake abandoned projects in Selangor and Kuala Lumpur. This paper is based on interviews with the developers who are specialized in property development and always support community welfare by undertaking the task of turning around several abandoned projects. The developers involved were a subset of the larger group who were willing to be interviewed.

The results of this study help to identify the factors that influence project

revivers to revive abandoned projects that could be applied by the government to encourage developers to become white knights while seeking for solutions of abandoned housing woes. With the existence of related analysis, this study intends to provide proper justification of the factors that lead to the willingness of Malaysia developers to play the reviver role as part of their responsibility. The results of this study could also expose the strategies in determining the best investment decision on abandoned projects and ascertain the project's viability by using investment models and analysis.

2. Statistic of Abandoned Projects In Malaysia

In 1988, there were 184 cases of abandoned projects estimated by the Housing Ministry concerning properties worth approximately RM1 billion (Housing & Property, 1988). Subsequently, since 1990 to December 2005, there were 13,286 housing development licenses which have been approved by Ministry of Housing and Local Government. As at December 2005, the ministry has guaranteed that 8,544 of these projects were completed and delivered with Certificates of Fitness for Occupation (CFs) issued. Of the balance, 4,234 are smooth on-going projects, 166 deemed sick, 164 delayed and 168 abandoned.

Table 1: Statistic of Abandoned Projects

State	Total Abandoned Projects			
	Until June 2008	Until February 2009		
	Number of Projects	Number of Projects	Number of House Units	Number of Buyers
Johor	37	32	9,280	5,419
Kedah	20	9	1,445	709
Kelantan	8	3	519	367
Melaka	14	7	1,109	570
N. Sembilan	29	20	4,743	2,383
Pahang	21	11	3,866	1,972
Perak	20	6	822	597

Perlis	3	0	0	0
Pulau Pinang	26	10	6,517	4,784
Selangor	66	39	21,733	14,642
Terengganu	8	1	21	20
W.P. Kuala Lumpur	18	6	2,406	1,365
Total	270	144	52,461	33,376

Source: Ministry of Housing and Local Government

Table 1 reveals that the problems are not new, as they have been previously recorded for over two decades. However, the problems still persist and the government has to play its essential role with the increasing problems of abandoned project accordingly. The solution is important in order to discover the way out for many aggrieved buyers who are being kept in the dark and not offered with a clear picture of what was happening. The crucial problem faced by house buyers is the monetary losses and difficulties in servicing the interest on housing loans they have taken as well as paying for monthly house rental.

3. Abandoned Projects

3.1 Definition of Abandoned Projects

Accordingly, Ministry of Housing and Local Government has defined abandoned projects as follows:-

- i) Construction and development works on site of the project that has been terminated for the preceding six months or more. Such termination has either occurred consecutively or occurred during the period within which the project must be completed or beyond the required completion period. Completion period means the period within which the developer has to complete the construction of the housing units. For the landed property, the completion period is 24 months calculated from the date of the sale and purchase agreement being executed, whilst for flats the completion period is 36 months from the date of the execution of the sale and purchase agreement; or,
- ii) Within the said duration of six months, the developers concerned had been wound up and has been put under the control of the Official Receiver; and,
- iii) The housing controller is of the opinion that a particular housing developer fails

to carry out their obligation as a developer.

3.2 Implications of Abandoned Projects

Wachsmuth (2008) stated that abandoned projects have public-health-and-safety argument since they are deemed as plague in the society and could possibly attract vermin, garbage dumping, fires and crime. According to a research made by Mallach (2006), implications of abandoned projects are strictly not fair to the public since the problem has an economic argument and dispute to the country. Abandonment cost cities money and the public has made substantial investments in building infrastructures namely transits, roads and utilities. In addition, abandoned projects not only may generate less property tax revenue themselves but also could negatively affect property values of neighboring buildings.

In Malaysia, Housing & Property (1988) stated that many of the purchasers have already started paying installments to either Treasury, banks or other financial institutions whereby on the other hand, they also need to pay for the monthly house rental. The purchasers are often on the losing end as the laws in Malaysia do not favor victims of stalled projects and they do not have protection under the existing laws. Consequently, abandoned projects have made their way to affect the credibility of Malaysia's government. This is supported by the statistic of projects that are no longer being viable for revival or that no company is interested in reviving it.

Given with the situation, it could signify a loss to the economy and the lack of integrity among the government servants. Radzi and Aminah (2009) mentioned that the abandoned projects reflect the weakness of government and give a valuable lesson to them to be extra careful when analyzing the developers' capability before issuing the developers' licenses. Former Prime Minister of Malaysia, Dato' Seri Abdullah Ahmad Badawi reckoned, "*Profits are privatized, while losses are nationalized.*" Thus, it mirrors the depressing circumstances for the nation to bear with the impact of abandoned projects.

In conclusion, developers also receive the impacts of abandoned projects as some of the projects need to be ended due to the finance cutting by the financiers especially when the economy situation is at the worst level. As a result, the

developers are blacklisted by the authority. This situation indirectly gives a negative impact on the image of developers as purchasers can no longer have faith in them. The developers might also find it very hard for them to be active in project development. It can be concluded that the problem of abandoned housing projects in Malaysia is serious and can best be approached through an interdisciplinary frame of reference, taking into account the technological as well as social, economic, psychological and legal aspects of housing.

4. Case Study: Abandoned Projects In Selangor and Kuala Lumpur

4.1 Selangor

Selangor is situated on the west coast of Peninsular Malaysia and it surrounds the federal territories of Kuala Lumpur and Putrajaya. It consists of nine administrative districts and the total land area of this state is approximately 7,956 square kilometer. Selangor is the richest state in Malaysia in terms of Gross Domestic Product (GDP). Figure 1 signifies the statistic of abandoned projects in Selangor Darul Ehsan.

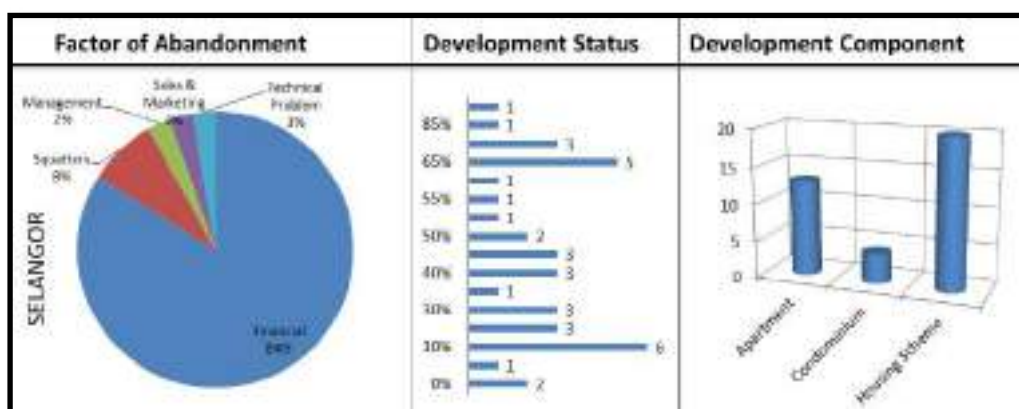


Figure 1: Statistic of Abandoned Projects In Selangor Darul Ehsan

4.2 Kuala Lumpur

Kuala Lumpur is the capital and largest city of Malaysia. It makes up an area of 243.65 square kilometer and it is the fastest growing metropolitan region. Figure 2 signifies the statistic of abandoned projects in Kuala Lumpur.

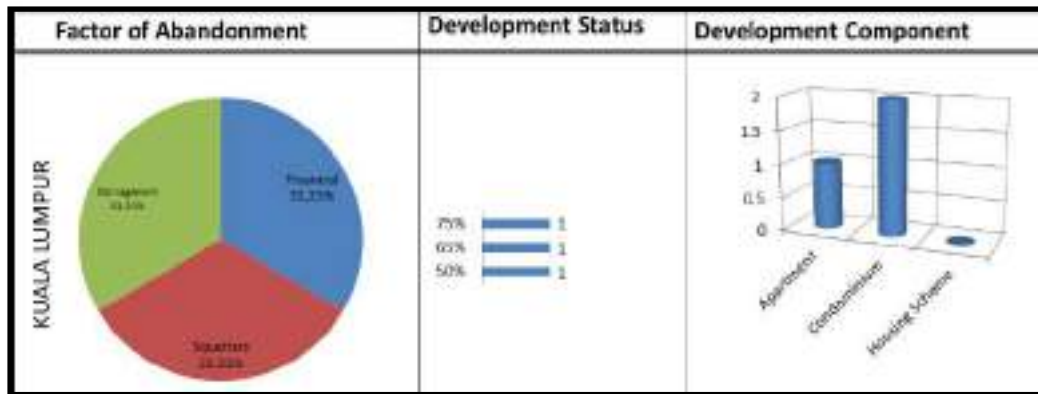


Figure 2: Statistic of Abandoned Projects In Kuala Lumpur

5. Results and Discussion

5.1 Factors Influencing Project Revivers To Revive Abandoned Projects

Based from the analysis, there are a number of factors influencing project revivers to revive abandoned projects in Selangor and Kuala Lumpur. The factors are investment opportunity, goodwill, corporate social responsibility, creating more jobs and a better living environment and helping the existing buyers. It could also be interpreted that profitability, reputation and commitment prompt project revivers to revive abandoned projects. Figure 3 illustrates the summary of influencing factors which successfully encourage project revivers to revive abandoned projects in Selangor and Kuala Lumpur.

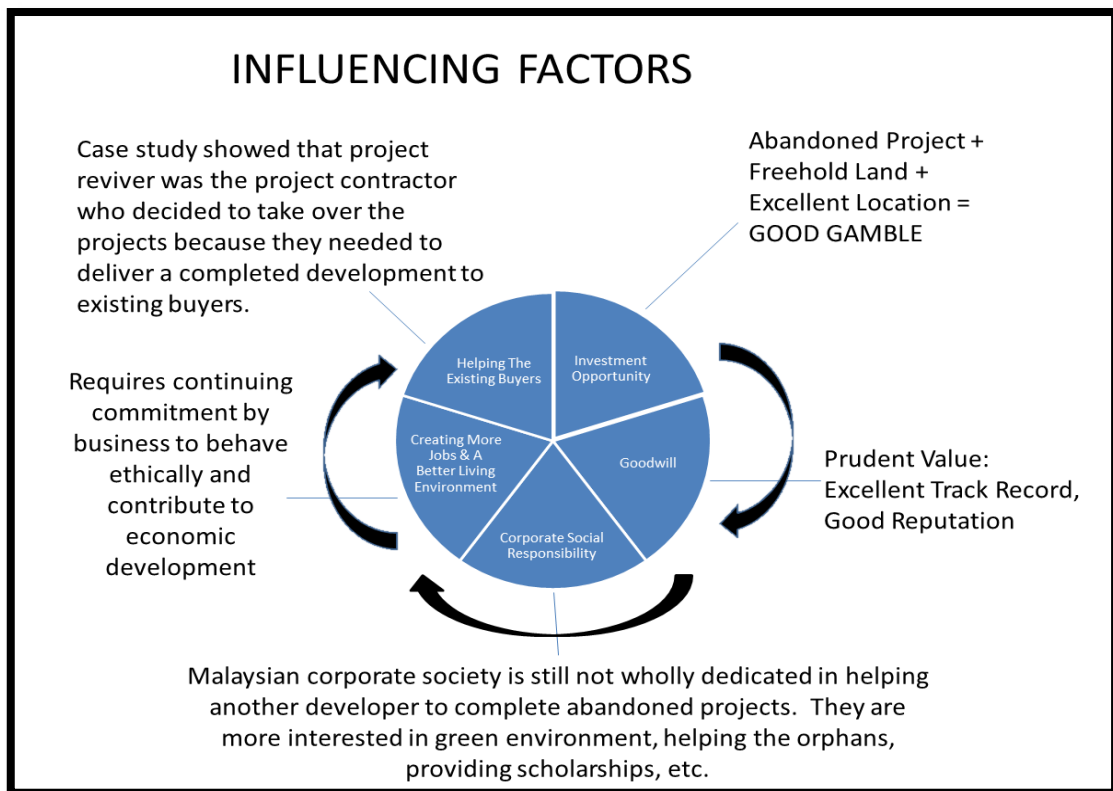


Figure 3: Factors Influencing Project Revivers To Revive Abandoned Projects

From the aspect of investment opportunity, whenever the developer thinks that the revival is viable due to its positive attributes like location, they do not mind to take over the project. Investment opportunity is also essential as it promises high

return to stakeholders. The statement is supported by James A. Graaskamp in his classic 1972 article, "A Rational Approach To Feasibility Analysis": A real estate project is 'feasible' when the real estate analyst determines that there is a reasonable likelihood of satisfying explicit objectives when a selected course of action is tested for fit to a context of specific constraints and limited resources. To sum up, abandoned projects that have viability to be revived also have potential to derive more profits to company throughout the process of investment and resuscitation. The second factor that influences project revivers to revive abandoned projects is goodwill. Goodwill is used to mirror the reality that an ongoing business had some "prudent value" beyond its assets. For instance, the "prudent value" can be referred as a good reputation of the firm that is capable to derive potential synergy within the business. Goodwill is very frequently referred to as an "intangible asset", that is to say, something the existence of which is spoken of, but is not palpable. In summary, company's goodwill could grant an excellent track record which is a very significant implication for any property developer.

Besides goodwill, corporate social responsibility which can be defined as a commitment to improve community well-being through discretionary business practices and contributions of corporate resources (Kotler and Lee, 2005) is also one of the influencing factors. It can be concluded that Malaysian corporate society is still not keen and wholly dedicated in helping another developer to complete abandoned projects. Next, the fourth factor is creating more jobs and a better living environment. It requires the continuing commitment by business to behaving ethically and contributing to economic development while improving the quality of life of the workforce and their families as well as of the community and society at large. To sum up, as a member of society, project revivers have the responsibility to provide job opportunities and a high-quality surrounding for built environment. The least influencing factor is helping the existing buyers. In the case of the resuscitation on an abandoned project, the project reviver was essentially the project contractor for the development at the beginning stage of the project. Consequently, the old developer could not put together a payment to the contractor and at the same time, they could not deliver the apartments to relevant parties which are the purchasers. Finally, the project reviver decided to take over the projects after making considerations on the important fact that they needed to deliver a completed development to existing buyers.

5.2 Criteria of Abandoned Projects To Determine Viability

Based from the analysis, there are a number of criteria of abandoned projects that need to be considered by project revivers to determine the viability in Selangor and Kuala Lumpur. It could be interpreted that project revivers must look at marketability factor, level of risk and financial status of a project before deciding to do the resuscitation. The criteria are as follows:-

i) Abandoned Project's Background, according to Gallinelli (2004), when someone buys a piece of real estate as an investment, one must view it as the purchase of an income stream. Therefore, when a property's value lies in an excellent location, we need to translate the subjective views into objective cash flow terms. This is because location is very important in order to establish the marketability factor of the project. In conclusion, several characteristics which are related to abandoned project's background needed to be inspected thoroughly before determining the viability of abandoned projects namely the location, size of site, previous contractor, consultants involved, information of existing buyers, type of development, number of sold and unsold units, bridging loan, end-financing, sales & purchase agreement and land ownership.

ii) Internal Rate of Return (IRR), Jaffe & Sirmans (1986) reckoned that the internal rate of return (IRR) is the rate that equates the present value of the cash flows with the present value costs of investing. Some property developers do not mind to take over abandoned projects with small internal rate of return (IRR). Meanwhile, the property developers who have excellent reputation in the industry are only concerned with abandoned projects that could give a bigger percentage of internal rate of return (IRR). Therefore, it can be concluded that IRR is a subjective matter and varies according to the objectives of the developer. Based from the analysis, the percentage of internal rate of return (IRR) on the investment of abandoned projects is between the ranges of 20 percent to 30 percent.

iii) Legal Issues, Ngai (2006) stated that there are a lot of legal issues involving court and authority that might delay the resuscitation of abandoned projects. Therefore, any developer should be aware of the level of legal issues involved within the project. To sum up, every black and white has to be in order and every legal

complication needs to be settled before another developer embarks on the abandoned project. It is also important for both parties to come to an understanding that there should be a Due Diligence between the parties. Due Diligence can be defined as a process of enquiry and investigation made by a prospective purchaser in order to confirm that it is buying what it thinks it is buying. For instance, in the case of abandoned projects, the Due Diligence between new developer and old developer should be implemented to ensure that the old developer disown all their rights regarding to the project.

iv) Resuscitation Cost, resuscitation cost needs to be considered by projecting a discounted cash flow consisting of building cost, infrastructure cost, preliminary cost, insurance, contingency cost, professional fees, supervision work, surveying work, government charge and other related cost. As a conclusion, modern real estate investment analysis has generally adopted the residual method, discounted cash flow, net present value and internal rate of return to determine the viability of abandoned projects.

v) Status of Land Ownership, the particulars needed to be checked about the status of land ownership are the information on land owners, land owner's agreement on resuscitation and the land itself is free from any issue. In summary, it is important to check on the status of land ownership in order to avoid dispute or disagreement with land owners in future.

vi) Status of Previous Developer, it is essential to ensure that the previous developer is still on course of the development operation or vice versa. As a conclusion, the criterion is very necessary for the future of resuscitation and can help alleviating the trouble and burden of reviving abandoned projects.

vii) Balance On Claim, more often than not, after knowing the percentage of project completion, project revivers can estimate the balance on claim for the abandoned projects. Therefore, the balance of claim must be confirmed with end financier and previous developer before making an investment decision.

viii) Related Information, the information consists of contract drawings, contract documentations, and list of quantity, specification, implementation bond and many

more need to be acquired. The information is important for the purpose of planning and development.

ix) Bridging Loan, bridging loan can be defined as an instance of short term loan provided by the financial institutions to developers to guarantee that the projected cash flow runs smoothly. Therefore, project revivers must acquire information on bridging loan's financier and verify the amount of bridging loan taken by previous developer.

x) Number of Units Sold And Buyers Involved, the number of units sold and buyers involved is considered as the less significant criterion that needs to be considered by project revivers before making an investment decision. In order to ensure that the investment is feasible, total number of units sold must exceed a certain required amount by project revivers.

5.3 Strategies On The Investment and Resuscitation of Abandoned Projects

There are a number of strategies on the investment and resuscitation of abandoned projects in Selangor and Kuala Lumpur. The strategies that are needed by the project revivers are to ensure that the project must meet the internal rate of return (IRR) of the company, to conduct meeting with purchasers, to sort out all issues, to do a rebranding, to develop a new concept, to apply for extension of completion period and to provide rental guarantee scheme. It could also be interpreted that project revivers must be cautious, reliable, creative, innovative and resourceful in order to ensure that the investment on abandoned project is feasible.

Before determining the investment decision towards the revival of abandoned projects, project revivers must ensure that the abandoned project meets the internal rate of return (IRR) of the company. They are also responsible in conducting a meeting with purchasers, Ministry of Housing and Local Government and end-financiers in order to avoid disagreements in future and to boost the reputation of company's goodwill. Even though the company is happy to help house buyers fulfill their dreams of owning their homes, at the end of the day all the projects undertaken must meet the internal rate of return (IRR) of the company. Thorough studies would be conducted to ascertain any legal encumbrances and the potential rate of success of

a project. In addition, internal rate of return (IRR) is also significant to reflect the percentage requirement of Return On Investment (ROI) per annum for stakeholders' common fund. From the aspect of conducting meeting with purchasers, it is very essential for project revivers to contact the affected purchasers from the database given by old developer. The meeting should also be attended by representatives from Ministry of Housing and Local Government together with the association of purchasers in order to have an open discussion about various issues regarding the changes of developers and certain implications of the revival. Even though not all purchasers can attend the meeting, it is adequate to have a representative from the association of purchasers to embody the other purchasers.

Other than that, project revivers should also sign an agreement with existing purchasers and need to reach more than 50 percent concession before being able to revive the project. In addition, project revivers must also conduct a meeting with purchasers and end-financiers to instill the confidence among end-financiers to not cancel on the purchasers' loans. In summary, the meetings are very crucial to ensure that the revival of abandoned projects runs efficiently. As one of the developers in the interview revealed:-

“We need to conduct meetings with purchasers together with Ministry of Housing and Local Government. We must tell them to waive for Late Delivery Damages, bearing in mind that the current scenario has seen an increase in material price. Thus, the purchasers need to pay more. However, we do not want to be seen as overcharging and that is the reason why we need the Ministry of Housing and Local Government to intervene. The purchasers need to be told that it is a fair request. If they do not want to pay extra, they cannot get the building, financial institutions will chase them and they cannot claim anything from old developer who perhaps has gone bankrupt.”

Subsequently, in order to avoid dispute and disagreements that may include many related parties, it is very important for project revivers to be very careful when it comes to dealing with contracts and documents. Relevant paperwork must be arranged in order and the project revivers must ensure that every related party should sign the contracts and documents. For instance, the type of contracts and documents

consist of Due Diligence, new Sales and Purchase Agreement and Joint Venture Agreement. The contracts and documents are used as evidence in order to alleviate the problem of legal issues in future. In order to change the perception of investors and regain their trust, doing a rebranding towards abandoned projects is an essential strategy. Project revivers must be innovative by having new products to provide to target market. Marketing promotion is also important to inform the public that the abandoned project is ultimately revived. For instance, Jana Towers used to be an abandoned project in Subang Jaya. The project revivers have decided to rebrand the development by changing its name into Subang Olives. However, the project revivers should take a safe measure by not changing the old design that has been approved by the government. This is because changing the design is a very bad idea since construction is very sensitive to cost and time. Meanwhile, project revivers can develop a new concept in order to attract new purchasers by providing facilities like concierge and courier services and assistance for bill payments and online bookings. The idea can be made possible through a partnership with a multi-service provision company or any other company that provides the same service.

Other than that, project revivers can redo the entrance statement to be more grandeur, to paint the building brighter, to add a few more facilities, to build a bigger swimming pool, to decorate things, and to provide more landscape, amenities, and facilities. To sum up, the development of new concept can initiate a platform for project revivers to expand a selling point for the project in order to attract potential purchasers. Project revivers can also opt to make a request to the Ministry of Housing and Local Government. This is important for the project revivers to appeal to the legislation of their powers vested to the Controller of Housing by extending the completion period of the agreement. As a conclusion, the extension of completion period is able to give project revivers sufficient time to revive the abandoned projects that meet the required building quality.

Finally, the rental guarantee scheme can be provided for commercial development such as shop lots, office buildings and service apartments. Project revivers can give five years-rental guarantee return for commercial development and options to extend the guarantee return for potential investors. However, project revivers must ensure that they can already gain required profits at the early stage of development in order to cover the cost occurred of rental guarantee scheme.

6. Conclusions

From the finding results, it indicated that the investment opportunity was the significant factor that influences project revivers to involve in the revival. In addition, this study has achieved the expected results where the investment opportunity was not the significant influencing factors, but it can also be emphasized to be influenced by factors such as goodwill, corporate social responsibility, creating more jobs and a better living environment, and helping the existing buyers. In other words, profitability, reputation and commitment prompt project revivers to revive abandoned projects. These results stressed that Malaysian investors are prepared to invest in abandoned project bearing in mind that the project is marketable and has investment opportunity. The overall finding can be illustrated in Figure 4.

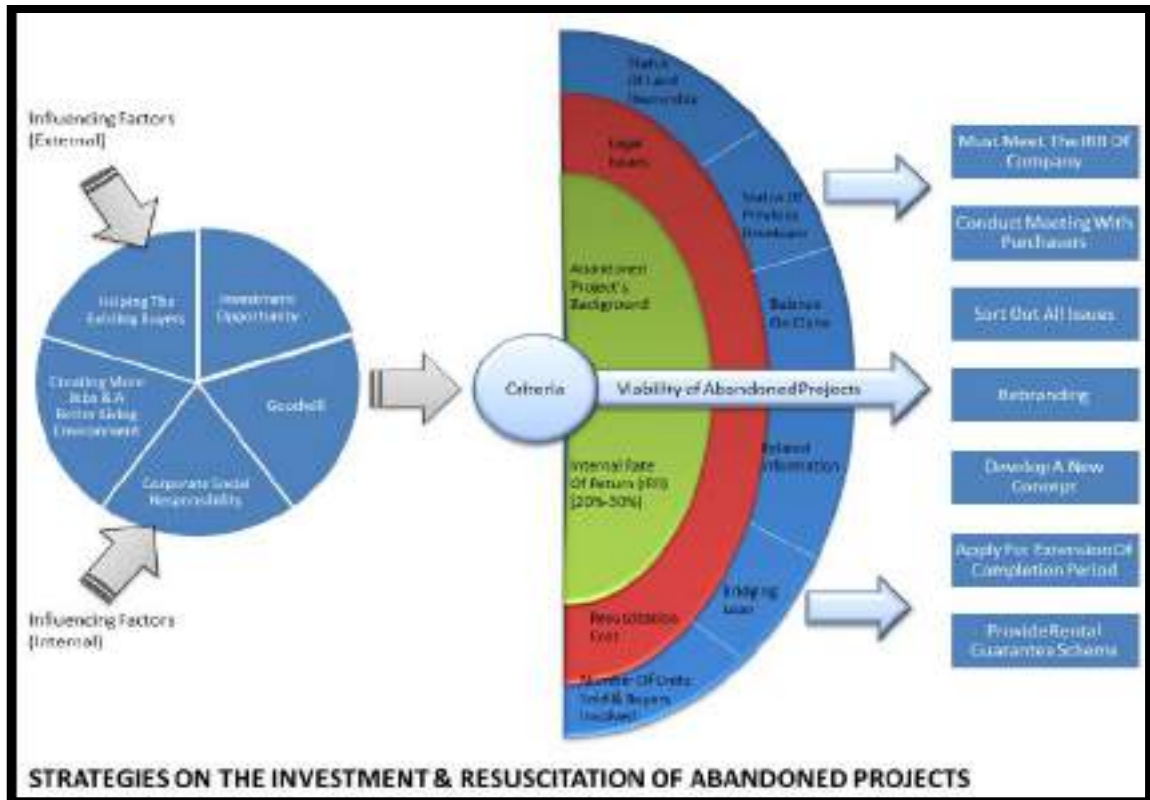


Figure 4: Strategies On The Investment and Resuscitation of Abandoned Projects

There are several relevant suggestions from various stakeholders that can be made based on the research findings. These suggestions can help the government in alleviating the problem of abandoned housing projects namely:

Government Agency

- i) Strict regulation for license issuance and renewal option is only opened for excellent developers.
- ii) Outline a draft document of city's new master plan that records a number of goals and recommendations related to developing and implementing a strategic demolition and resuscitation plan for abandoned projects
- iii) A public hearing should be held to reflect the thoughts of residents in the area in order to request for marketability opinion from the public to lessen the problem of oversupply and property overhang.
- iv) The government should develop a special agency for the purpose of enforcement where transparency is essential through the publication of names of blacklisted companies.
- v) Requirement of housing development insurance before an applicant can become a licensed housing developer.

Financial Institution

- i) The implementation of Islamic Law where the owner of the house (Islamic Bank) will be liable and it must be the guarantor for the completion of housing units.
- ii) Sustain a reasonable interest rate with a vision to support Built Then Sell (BTS) concept.

Housing Purchasers

- i) Build a strong committee among buyers in order to monitor the progress of project.

Other Parties

- i) Non-profit organizations should be encouraged to provide a capital injection on the resuscitation process of abandoned project.
- ii) Non-profit corporation must be created in order to coordinate housing development and provide planning and technical assistance to the problem of abandoned projects. Other than that, there could be a joint venture between financial institutions such as Bank Negara Malaysia and community-based corporation to revive abandoned projects.
- iii) Insurance companies could include insurance for abandoned projects.

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