
PHT *newsletter*

PENANG HERITAGE TRUST • PERSATUAN WARISAN PULAU PINANG

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The Repeal of the Rent Control Act

Goh Boon Leong interviews the PHT, PAM, HDA, the State EXCO and the real estate valuers and consultants. *Khoo Salma's* article calling for suggestions on how to deal with 'the repercussions of the repeal' first appeared in the AWPNUC (Asia & West Pacific Network for Urban Conservation) Newsletter Volume 3 No 4. For responses to her report see Volume 4 No 1 of the AWPNUC publication, included here this month as part of the PHT*newsletter*.

(The PHT is currently the secretariat for AWPNUC)

Will the repeal be a scourge or a blessing?

The repeal of the Control of Rent Act comes into effect this September. Some say it is a scourge, others a blessing. It is both, depending on one's vested interest and priority.

Welcoming the Act's repeal are businessmen seeking new premises, bankers, developers and many in the real estate industry. By far, the most glad are owners of rent-controlled buildings.

Chief mourners are poor tenants, small-scale traders, retailers and cottage industry operators in the heart of George Town.

Justifiable or not, fears seem to abound. Some George Town assemblymen are worrying about the uncertainty in their constituencies' voter profile if a large number of tenants move. Policy-makers are facing planning nightmares because the character and commercial pulse of George Town could be affected if there are major population shifts. And town planners are fretting over attaining sensible development, conserving heritage sites and effective traffic management.

Although Penang is implementing the Town and Country Planning Act and its recent Amendments, the repeal could still rob George Town of heritage sites. Yes, the penalty for demolishing a pre-war building is now doubled to RM100,000, but with no other punitive or reparative provisions, it is hardly enough to stop a potential crop of new structures from replacing them. Should numerous high-density, multi-storey buildings mushroom in the city, traffic woes could do much to damage the quality of living.

Is the repeal a blessing? The fact is no wide-reaching urban renewal of George Town is possible for as long as the Act remains. There are prime sites currently occupied by crumbling rows of pre-war buildings which are ideal for development into an array of modern uses. After the repeal, such developments can commence and much wealth can be generated from them.

To question why so many of Penang's rent-controlled buildings (12,609 out of 36,499 nationwide) are in a decaying, dilapidated state is to question the Act itself. Under it, tenants only pay token rentals, typically less than RM100 a month for something with 2,000sq ft of space. Since this is far below market value, landlords are understandably unwilling to spend large sums on repairs. And the tenants, who cannot be evicted for whatever reason, again because of the Act, are almost never known to voluntarily make the repairs.

Real estate valuer Tan Gaik Eng of G E Tan and Associates says: "The Act is now obsolete, so the repeal is justice long overdue to landlords. For decades, many of them have been deprived of the true value of their properties." Tan adds that the Act was enacted to protect the genuine poor when they made up the majority of inner-city dwellers after the Second World War, but they are not the majority now. "Ironically, a whole generation of businessmen has thrived and become rich by enjoying low rentals for these premises."

David Khoo, a director of international property consultants C H Williams, Talhar & Wong Sdn Bhd says: "Most of the off-spring of the original rent-controlled tenants have grown up and moved their households elsewhere. However, there are pockets of hardship among the tenants, including the elderly who have no kin. These people are living hand to mouth, engaged in menial work or hawking. Moving will be difficult for them. They must be cared for one way or another. Perhaps a revolving federal fund for them to rent or acquire low-cost homes would help."

On changes in property values, Khoo feels that "naturally after the repeal, rental rates will rise to market value since property values too will have risen. Many old buildings may be suitable for conversion from homes to commercial use. The state government could introduce indirect incentives for such changes".

It is clear that alternative accommodation will have to be found for the genuinely poor tenants. Last December, Deputy Chief Minister Datuk Mohd Shariff Omar announced that 26 developers would build 57,000 low-cost homes by the year 2000.

The Penang Housing Developers Association (HDA) Chairman Cheah Kheng Hooi was quoted as saying: "The HDA will accept the building of more

low- and medium-cost homes as a challenge and as a social responsibility. We will try to build whatever number the federal and state governments require."

The conservationists speak

Surprisingly, not all conservationists agree on the repeal's effects. Obviously, some feel it is the licence long sought by opportunists to demolish non-gazetted heritage properties on prime land and to replace them with new high-demand "landmarks". Others, however, think it will help spur developers to restore the historically significant properties, adapting them to new uses.

Conservationists are sometimes misunderstood as anti-development fanatics who are unrealistic about the property market. This could not be further from the truth.

Penang Heritage Trust Vice-chairman Dr Choong Sim Poey dispels some myths about the repeal: "Some seem to perceive that rent-controlled areas are full of poor people living in overcrowded premises. But surveys have shown that this picture needs to be modified a bit. Many are actually sub-tenants already paying quite high rent, or are businesses that can afford true market value rent. So fears that most owners will sell their properties to developers are not quite valid. The demand for modern multi-storey buildings is simply not so high as to cause this."

Choong stresses that "landlords who are getting fair rental will be more inclined to improve their properties. They may, of course increase occupant density by creating more rooms with partitioning. But if they do that, they will also be compelled to improve facilities".

HERITAGE AWARENESS COMPETITION

Sponsored by British Council Penang
Organized by Penang Heritage Trust

**Making students aware
of the historical, cultural,
and architectural significance
of Penang's heritage sites**

*Open to all students from the
universities, colleges, and
secondary schools of Penang*

*You may have students or children who would
like to take part in the competition.*

*See Entry Form inside for further information
about the objectives and rules.*

He also warns that George Town's heritage legacy is more than just a collection of old buildings. "The town's communities have developed over 50 to 60 years, and they largely want to be left alone — undisturbed and undisplaced. They are essentially the heart of the cultural life in town. Many tenants would be happy to pay new, higher rents if their landlords can upgrade their amenities and at the same time, the state government can improve their urban envi-

ronment. It must be noted that many are already paying fairly high open market rent anyway. So the net result of the repeal will be positive."

"However", Choong continues, "a proper urban planning policy must be in place when the repeal takes effect. There should be a transition period for the gradual increase of rent, not overnight increases. It will be good to have reinvestment in the inner city. This is George Town's opportunity for a revival."

Speculation on land value is bound to arise as a result of the repeal, even though a 5-storey height limit has been imposed by the Penang Municipal Council on new buildings in the six areas in George Town designated as "heritage zones". The tag is essentially to help initiate private sector efforts to preserve the character of the city. The PHT has a hand in this and some sceptics may think the PHT is being overzealous in attempting to preserve Penang's heritage, but their opinions are not arbitrary.

Several years ago, Unesco - the United Nations Educational, Scientific, and Cultural Organisation — offered to designate George Town a World Heritage Site. Penang state executive councillor and tourism committee chairperson Datuk Kee Phaik Cheen said: "Accepting Unesco's designation would mean a comprehensive conservation plan for this former East India Company outpost that grew into a bustling town. There would be too little leeway for development. Nevertheless, we can still conserve George Town's heritage, making it a desirable place to live in, with an inner city that is vibrantly alive and remaining culturally diverse and energetic."

A complex web

Thus the repeal is a multi-fold issue. It is not just about the displaced poor, nor about potentially displaceable politicians, nor about fuelling a development frenzy. The repeal will affect all aspects of land use in the city which can upset all previous equilibrium in the property market. A new equilibrium will eventually emerge of course, but not before market forces play their hand.

A new lease of life

Some rows of inner-city buildings look rather run-down, giving the impression of a tired city in dire economic straits. They hardly do justice to a state which has enjoyed an average of 14% in annual growth. The remaking of George Town need not be a painful process though.

Pertubuhan Akitek Malaysia's (PAM) Northern Chapter Chairman Ong Jin Cheng says: "Hopefully, the repeal will not be the opening of a floodgate leading to widespread demolition of our old buildings. There are always creative solutions to build 'polite' and aesthetically pleasing buildings that do not disrupt the rhythm of their neighbours and spoil a streetscape. George Town is unlike other heritage cities elsewhere because it is multicultural. It is this hotchpotch that gives it excitement and character."

Penang Island may be at the dawn of an urban renaissance. Or, at the the beginning of a chaotic, frenetic period of development which could alter the character and essence of urban life. Many have expressed the opinion that George Town should remain a living urban centre with a sizable, thriving, population at its heart by day and night — not one that is deserted after office hours.

Penangites should take the repeal as the pivotal, unifying force that compels everyone to ask: "What do I want from Penang? And what can I give in return?"

Goh Boon Leong, PHT member - Penang

ART EXHIBITION**PENANG:
A PERSONAL
PERSPECTIVE**

An exhibition of paintings in oil, acrylic and watercolour by

Alan James Flux

Syed Alatas Mansion
128 Armenian Street

2 – 15 August 1997

9.00 am – 5.00 pm
Monday to Friday

9.00 am – 1.00 pm
Saturdays & Sundays

The exhibition will be declared open by

Mr Laurence Loh

Conservation architect and member of the State Committee on Conservation, the Badan Warisan Council and the Penang Museum Board at 5.00pm on Saturday 2 August

You are invited to the official opening.

The artist writes: "This is my third show in Penang, and I am very happy to be able to invite you to the beautiful Syed Alatas Mansion which shines as a beacon of hope to those of us who would dearly love to see more such meticulous restorations in Penang.

I have been visiting Georgetown regularly now for seven years – a short time, but one which has seen drastic changes in the physical aspect of this unique townscape: much that we might consider of value has gone, and much still seems in danger.

How laudable, then, are organisations such as the Penang Heritage Trust, which raise a brave, and often lonely, voice against the changes wrought in the name of progress.

My thanks to the Trust (which I hope may benefit from sales here) and to all my other local friends for their help and support during the preparation of this exhibition.

In the last six months, the conservation movement in Penang seems to have gained a most important supporter – the Chief Minister Tan Sri Dr Koh Tsu Koon. He has, often enough, spoken eloquently of the urgency of preserving for posterity the rich local heritage and quality of life."

Born in Ventnor, Isle of Wight, England, Alan Flux M.A., studied at the Royal College of Art, London. He works in fashion, costume and interior design, and travels widely to paint and lecture. He will donate 15% of the sales from the exhibition to the PHT.

WORKSHOP**LIME PLASTER &
STUCCO WORKSHOP**
A Professional Training Course

sponsored by:
the Government of France

organized by:
The Heritage Centre Penang

supported by:
The State Government of Penang and
Local Government & Housing Ministry

date:
30 June – 11 July 1997

venue:
The Heritage Centre Penang

registration Fee:
RM480 per person

for further details contact:
Chin Phoy Him
Tel: 04 - 261 6606, Fax 04 - 261 6605

FUNDRAISING DINNER**Loo Pun Hong
Annual Dinner**

venue:
Loo Pun Hong
Love Lane

time:
7.30 pm

tickets for the dinner:
RM50 per head

Promoting the restoration of the Loo Pun Hong or Penang Carpenters Guild is a main activity of the PHT. The dinner, organised by the Guild at its temple building in Love Lane, is part of the Guild's efforts to participate in the fund-raising.

*You can get your tickets at the PHT office:
Tel/Fax: 04 - 226 1358*

New Members

We welcome the following as members of the PHT. They can take part in any of its activities.

Life members: Sonny Ho Kiong Chan

Ordinary members: Khaw Veon Szu
Dr Ahmad Md Noor Mdm Danny Picot

Rent Control Repeal - Time Runs Out for Old Penang

The historic city of Georgetown, Penang, has one of the largest pools of prewar buildings in Southeast Asia. This treasure is being threatened by the imminent repeal of Rent Control announced by the Malaysian Cabinet recently. The repeal is expected to be tabled in March and take effect in June 1997.

In the absence of a Conservation Act, rent control has been largely responsible for preserving most of the prewar buildings in the country. In the past, the Act has inhibited redevelopment by making the process of removing existing tenants rather difficult and expensive.

In the climate of Malaysia's development boom, the repeal means that old towns like Georgetown, Malacca, Muar in Johor, and Taiping and Ipoh in Perak will suffer great losses in their built heritage.

Rent control tenants have been paying rents way below the market levels. This has caused much bitterness among property owners who feel that they have been suffering for too long. Practically every city in the world faced with this kind of situation has planned for a gradual phasing out of rent control. But Malaysia's Housing and Local Government Ministry wants an overnight repeal.

A few years earlier, the Penang Heritage Trust had proposed to the State Government that the Act be amended so that decontrol could be used as an incentive for the restoration of heritage buildings, as had been done in certain conservation areas in Singapore. Instead of, or in addition to, financial incentives, the State Government would have free "carrots" to dangle before the owners of heritage properties.

The golden opportunity may have already been forgone, unless the Penang State Government succeeds in its appeal to the Federal Government to allow Penang to phase out the Act with selective decontrol over five years instead of implementing an sudden repeal.

The State Government is also worried about the social repercussions of the repeal which will affect an estimated 60,273 people in the state. This estimate - only five persons per unit - may be far too conservative.

The Penang government has lately given serious thought to introducing some kind of conservation policy for Georgetown. Penang's economic growth had hitherto been powered by the rapid expansion of its manufacturing sector. But with industrial

The Rent Control Act 1966 (Revised 1988) covers privately-owned premises built before 31 Jan, 1948 in Peninsular Malaysia. It was a piece of legislation introduced to freeze rents due to the acute shortage of buildings as little new development had taken place during and immediately after the war years.

A 1994 census showed that Penang has 12,453 rent control premises, with 8,259 located in the heart of Georgetown, 2,395 outside Georgetown and the rest in Province Wellesley. The state of Penang has the largest number of rent control premises in the country, followed by Johor (5,659), Perak (5,531), Malacca (4,135) and the Federal Territory (2,500). The repeal will affect a total of 36,499 rent control premises in Peninsular Malaysia.

expansion levelling out, the state is looking at investing some of its resources in cultural tourism development.

In October 1996, the Penang government had announced a temporary "five-storey freeze" for the inner city of Georgetown, pending the adoption of urban design guidelines for conservation areas. This was welcomed by pro-heritage and tourism organisations but provoked a rabid reaction from a handful of developers. Most parties agree that some bulk of Georgetown should be conserved. The question, for a historic area with more than 8,000 prewar buildings, is how much?

Until now, a large measure of *laissez-faire* development has been tolerated. Instead of tighter controls, extra densities and concessions are more often than not awarded to developers of high-rise developments. Piling works for new developments have been allowed to damage prewar properties with impunity, with the City invariably placing the onus of proof on the victims.

With the imminent repeal of rent control, time is running out for old Georgetown, its built heritage, its historic communities and its ancient urban traditions. It will take more than a half-hearted policy to introduce the necessary controls to save the historic city.

Penang needs help and advice on how to manage the repercussions of the repeal. Anyone who has experience in this matter, please contact:

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Penang, Malaysia
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Repeal of Rent Control Act should have come much earlier

THE Penang Government may think otherwise but not everyone is convinced that it will be able to effectively contain problems caused by the repeal of the Rent Control Act 1966 (Revised 1988) on Sept 1.

Chief Minister Tan Sri Dr Koh Tau Koon says it has formulated strategies to tackle such problems.

Although State executive councillor Dr Toh Kin Woon, who heads a State committee overseeing the rent control problem, waxed eloquently about arrangements to soften the blow, the 60,000 affected people are worried.

What is going to happen to those who are not rich, including petty traders and those dealing in lower-end consumer products operating from rent control premises?

What will happen to the poor who pay low rentals and reside in these buildings, some of which have not seen repair for years?

Given the fact that Penang has the largest number of buildings under rent control in the country — 12,577 — the ramifications are both ominous and enor-

cost units, 2,496 medium-cost units and 290 commercial units.

Those displaced by the repeal of the Act and who are eligible for such housing will get priority here.

But, as Kampong Kolum Assemblyman Lim Gim Soon laments, the projects are almost all outside the affected area. Lim did not mind his words when he said all this talk about studies and plans for the affected by the State Government is "just for publicity."

He is angry that except for two commercial projects development projects near his constituency, which holds 23 per cent of the premises under rent control, the rest are far away, many of them on the mainland.

These businesses are doing well precisely because they are located here.

Many Penang residents do not doubt that the face of the city is set to change a few years down the road as most of the smaller traders and businessmen who add so much colour to the area are expected to be forced out by high rentals once market rates are applied.

The Chamber of Commerce fears that Little India — circling Lebuh Pantai, Lebu Light, Lebuh Chulia and Jalan Masjid Kapitan Keling — will be one of the victims of this change.

Decontrol of rent here will witness the death of smaller businesses such as the food outlets, the tailors, the barbers, the costume and jewellery, traditional wares and trinket shops.

Gradually, there will be more new buildings — especially tall buildings and large complexes — except at a small section of the inner city where a maximum height of five storeys has been imposed to preserve heritage buildings and give "character" to the city.

While some of the buildings are still in good condition there are others which are rather ugly and their departure will be welcomed.

The repeal provides the

NEWS ANALYSIS

By A. Kathirasan

State Government the golden opportunity of ensuring a better planned development in the areas affected, in particular traffic system improvements.

A Universiti Sains Malaysia study of the rent control premises completed in 1993 shows that about 68 per cent of these buildings are located in Georgetown, 19 per cent outside Georgetown and the rest on mainland Penang.

The study also shows that 51 per cent are residential units, 17 per cent are commercial and 30.6 per cent are used for both commercial and residential purposes.

The rest are houses of worship, association premises and diapladed buildings not in use.

Rent control premises are those built before Jan 31, 1948. They were placed under rent control because of a shortage of residential and commercial buildings

at that time and to ensure those renting these premises were not charged exorbitant rates.

However, the Act has outlived its purpose and the Government has taken action to rectify the situation.

There are even some chief tenants paying the ridiculous rental of 50 sen to RM1 a month in Georgetown.

However, many chief tenants have sublet the premises for tidy sums, running into a few thousand ringgit. The implementation of the repeal will get rid of this evil.

And contrary to popular belief, some of those renting these premises own bungalows and have other property elsewhere. And they are in a position to buy the premises from the owners.

On the other end of the scale, there are individuals or trusts owning numerous units of rent control premises.

One person owns 350 units. For instance, Toh says from April to May, the State Government carried out a registration exercise and survey of the economic

status and needs of affected families.

He adds that the survey results are still being analysed and that this will help the State Government plan "realistic strategies" and "prepare needed facilities in a more pragmatic manner."

The question is: Why so late? The State Government itself has acknowledged that as early as the eighties, the Federal Government had indicated its intention of repealing the Act. Then in 1991 it again reiterated this stand.

If the registration exercise had been carried out in 1991, or a year or two later would it not have enabled the State Government to implement its "realistic strategies" immediately?

The repeal takes effect in September and the registration exercise is carried out in April-May. So how effective will the implementation of strategies be? What sort of strategies can one come up with in such a short time?

True, after the repeal of the Act, there is a "safe" period until Dec 31 1999 during which owners cannot act as they fancy but not act as they fancy but

can only raise rentals according to a fixed formula, it gives some breathing space for State Government and tenants to work out alternatives.

The State Government's main task now is to ensure that the dislocation that will take place goes on in an orderly fashion. It has to come up with strategies to cushion the impact on the livelihood of the tenants and ensure they have an opportunity to either buy or rent houses at reasonable rates.

Already there are more than 18,000 people on the State's list of low-cost housing applicants. Now it will have to add more to the list. And it must satisfy all of them.

But, things could have been so much more certain and the affected residents at greater ease if the Penang Government had planned for this much earlier.

There would have been less disquiet and apprehension if the tenants themselves had taken a more serious attitude and acted on their own instead of waiting for the Government and its agencies to move.

Developers of Prangin Mall get 20 conditions

By Marina Emmanuel

PENANG, Sat. — The State Government, lifting the stop-work order on the controversial Prangin Mall project in Georgetown today, has set 20 conditions for its developers.

Prangin Mall Technical Advisory Committee chairman Datuk Dr Hilmi Yahaya said developers Geotaran Unggul Sdn Bhd and Idris Hydraulic Properties Sdn Bhd were expected to start work on Monday.

The order, issued on the RM200 million project by the Penang Island Municipal Council on Jan 31 this year, was lifted following a State Executive Council decision on May 29.

"The decision was based on advice given by Kumpulan Ikram Sdn Bhd and the technical advisory committee," Dr Hilmi said.

"Crack activity in the affected buildings and water table levels have also found to have stabilised since

May 6."

He added that the decision was not final and work could be suspended if the developers did not meet the conditions.

Among the conditions include a RM2.3 million bond to guarantee the carrying out of necessary repair works to affected buildings in the vicinity of the project area, notifying the council and suspending work if water levels drop below the threshold water table of one metre below the present measured ground water level or if significant crack formation of the buildings or large-scale structural damages occur.

"The developers are also required within a month of beginning earthworks and building works to jet-grout to seal at locations of short and non-interlocking sections at the third row of sheetpiles installed so as to sufficiently reduce any possibility of water seepage into the project site," Dr Hilmi said.

Jet-grouting is a process

where cement is injected into the ground to form a firm foundation.

The project contractors for the eight-storey and two basement level project is Penas Construction Sdn Bhd, a subsidiary of the Penang-based Penas Group of Companies.

Excavation work on the mall is believed to have resulted in the migration of water underground which had led to the instability of the ground, resulting in the emergence of serious cracks on buildings and pavements in the vicinity.

The 139,350-square-metre build-up area of the Prangin Mall is located in Phase Four of the Komtar Urban Development Project.

About 2,000 people live in the surrounding areas of the mall.

The project was identified by Ikram as the "most probable main cause" of the soil subsidence which has led to cracks in the surrounding area."

STAR 12 JUNE 1997

Strong objections to 'annual fee' to enjoy Botanic Gardens

By ANG SU CHING

PENANG: The public strongly objects to the state's proposal of introducing annual smartcards at RM12 for locals patronising the 113-year-old Botanic Gardens.

They said the move was uncalled for and it was not fair to compel people to pay to enjoy the simple things in life such as clean air and greenery.

Penang Consumers Association president S. M. Mohd Idris said CAP had received numerous complaints

from the public regarding the proposal.

He said the Botanic Gardens had always been a public park and should remain so. He also expressed concern over the state's proposal to commercialise the gardens.

"So far, the state has not informed the public clearly on the development plans for the gardens," he added.

State Tourism, Culture and Arts and Women Affairs Committee chairman Datuk Kee Phaik Cheen said at the state assembly, recently that an-

ual smartcards at RM12 may be introduced when the proposal to expand the gardens to eight times its present size was approved.

She said tourists would however have to pay an entrance fee and that the smartcards were strictly for locals.

A concerned reader S. T. Tan said the proposal as unfair since the gardens was one of the few public places left where the public could visit for free.

"It is necessary for the people to

have a venue to relax, get fresh air and bring their families for outings, and the Botanic Gardens is just one of the few remaining places for such activities.

"What is the point of having high growth rate when we can't even enjoy simple things, like this free," she said.

Tan Kok San, leader of a jogging group *Old and Young Jogging Team*, said only foreign tourists should be charged entrance fees.

"Locals should be allowed to enter

free as they are already paying in the form of taxes and quit rent for such public facilities," he said adding that his team members included state and national runners.

Malaysian Nature Society Penang branch chairman Dr Ho Sinn Chye said the people should not be charged for merely appreciating the gardens and flowers.

He said the Botanic Gardens development plan should be reviewed as it had been proposed many years ago.