

Penang raises property development charges sharply

Written by Regina William
Thursday, 19 November 2009 20:22

GEORGE TOWN: The state government has imposed hefty increases in the rates for property development and change of land use in a bid to increase its revenue.

The charge for the enhancement of land value has been increased from 25% to 50% for the island and a charge of 12% introduced for the mainland, Chief Minister Lim Guan Eng announced today.

Previously, there was no charge for the enhancement of value for land under the Seberang Perai Municipal Council's (MPSP) jurisdiction.

Besides that, the development charges for housing have been increased 300% from RM5 to RM15 per sq ft and commercial development projects from RM7 to RM21 per sq ft.

For the transfer of the right of development to another party, the state government has now fixed the fees at triple the development charges and twice the building plan fees.

There is also a new fee for rezoning.

In justifying the increases, Lim said the increase in revenue would enable the state government to carry out other beneficial projects for Penangites, including helping the lower-income group.

Speaking at a workshop on enhancing the real-estate development process, Lim said the state government had simplified many processes to ease matters related to real-estate development.

"In return, you [developers] should also assist the state government as we need to raise the rates to do more for Penangites," Lim said.

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However, he said that for developers who achieve the gold standard on the green-building index, the old development charges of RM5 for housing projects and RM7 for commercial projects would remain applicable.

Lim said that despite the global economic downturn, many approvals for planning permission were given out, but not many of these projects actually took off.

“In 2008, 216 commencement-of-work permits were issued for building plans with a gross development value of RM1.13 billion while this year, until September, permits were given for 151 projects with a GDV of RM934.63 million,” Lim added.