PRIVATISATION OF URBAN SPACE:
THE KUALA LUMPUR CITY CENTRE (KLCC)

INTRODUCTION
Kuala Lumpur City Centre (KLCC) is an innovative urban re-development project in Kuala Lumpur city. It is regarded a success story for Malaysia despite skepticisms early on during its inception and construction stages. The KLCC innovation can be accounted on all conventional six-aspect-of-innovation namely product, process, position, paradigm, service and institution. The single most important underlying factor for the creation of KLCC as an innovation, to be emulated by other similar urban projects is a vision. KLCC seen in this light, was a top down visionary idea which materialised with the heavy government involvement through its planning agency, the Kuala Lumpur City Hall. Although privatized and thus profit driven, the project still had to incorporate the public and national interests. The outcome was a successful urban redevelopment of the Kuala Lumpur city center, an iconic project depicting the image of the country and city, world class provision of urban infrastructures and services and sustainable urban development.

REDEVELOPMENT OF THE CITY OF KUALA LUMPUR
Traffic congestion was already rife especially along Jalan Ampang back in the 1980s due to the increasing volume of traffic generated from a rapidly urbanizing Kuala Lumpur. These conditions were exacerbated during race days at the Selangor Turf Club’s course which is the present site of the entire KLCC (Sirat and Ghazali, 1999). It was first and foremost, the intention of reducing this traffic congestion that the government directed the Selangor Turf Club to move out of the city. There was mounting pressure from both the public and politicians for the local authority to solve the traffic congestion and to redevelop the area into a green area and public park in line with the recommendations made in the Kuala Lumpur Structure Plan 1984.

The motivation for redevelopment of the strategic site was multifaceted. On the one hand,
there was the need to address a number of common urban problems confronting the city of Kuala Lumpur including rapid population growth, inadequate provision of housing, inefficient urban transportation systems, piece meal development, inadequate recreational facilities and environmental degradation (Kuala Lumpur Structure Plan 1984). On the other hand, the young and relatively unknown Malaysia, aspiring to play a global role, needed to market a strong brand in order to put her on the “world map”.

The development of the Kuala Lumpur City Centre - smack in the middle of the metropolitan region - while replacing the “inappropriate” use of prime urban land by a former racecourse complex, represents the government’s effort to strategise the country’s development in the era of globalization through urban economic redevelopment/generation policies rather than merely to solve common urban problems such as traffic congestion, environmental degradation and so on. The issue was how to create a plan which achieves the multiple redevelopment objectives creatively and innovatively.

**THE CITY INNOVATION**

As with the famous Vision 2020, the innovative idea of creating a “city within the city” was conceptualised by Malaysia’s retired Prime Minister, Tun Dr. Mahathir Mohammed. This idea was translated into the development of KLCC based on the design by a US based consultant, Messrs Klages, Carter, Vail and Partners. The plan proposed the conversion of the redevelopment site into an integrated mixed-use project; a place, according to the promotional literature, “where people can work, live, visit, shop and enjoy leisure and cultural activities”. The entire master plan for KLCC project development was focused into seven primary land uses in the complex consisting of offices, hotels, retails, convention centre, residential, recreational facilities and infrastructures.

**Iconic Landmark**

KLCC is currently the most prominent element and point of reference in the Kuala Lumpur urban landscape. Among the many innovative applications found in the KLCC development, perhaps the RM1.8 billion, 454 meter high, iconic Petronas Twin Towers is more noteworthy. Equipped with the state-of-the-art communication facilities like other buildings in the KLCC precinct, the Twin Towers are located in the northern boundary of the Multimedia super Corridor (MSC). The towers’ construction represents Malaysia’s aspiration to marry high technology with the cultural and Islamic values. Pelli’s design was favored over the other designers’ as it was based on the Islamic geometric patterns incorporating contemporary Malaysian motifs adapted from traditional handicrafts such as songket and timber carvings. More interestingly, the two buildings are joined in the middle by a sky bridge, meant not only to serve its obvious functional purpose of human movement between the two towers, but also serve to symbolize as a sky portal and the gateway to Vision 2020 (http://www.kiat.net/towers/).

The information space is the single most important underlying factor of KLCC development. This space, called the Multimedia Super Corridor (MSC), is an environment that is envisaged to encourage innovation and a convenient location for industrial IT innovators and knowledge workers (Malaysia, 2000). The MSC is a planned “silicon valley
of Malaysia”, which serves as a launching pad to spearhead the country into the frontline of the information age. KLCC is one of the 5 cyber cities in Malaysia’s Multimedia Super Corridor (MSC) where companies with MSC status can locate their business premises. The KLCC is a showcase of world class city within the blueprint of national development which includes a variety of other large infrastructure developments following the Multimedia Super Corridor (MSC). The development of KLCC, however, was of more significant importance vis-à-vis its mega project counterparts such as the Kuala Lumpur International Airport (KLIA) and Putrajaya primarily because it was located in the capital city Kuala Lumpur. This is in cognizant that the development of the preeminent city as central and in line the national vision and mission, strategies for its development are focused on the vision for Kuala Lumpur to become a World Class City.

**World Class Products and Services**

The Kuala Lumpur City Centre provides more than 18 million sq. ft. space for commercial, retail, hotel, convention, residential and entertainment facilities surrounding a 50 acre beautifully landscaped park. It is a self-contained integrated development where people can “work, live and play and pray” all in one place and all are built and maintained at world class standards. It remains as one of the more premier integrated development in the region and is “the business location in South East Asia” (KLCC Holdings Sdn Bhd, 1995).

The KLCC Master Plan advocated the development of 37 acres of the site into business-related facilities comprising office buildings, hotels and other residential facilities, shops entertainment and recreational amenities, all to be built to a high international standard. The world famous Petronas Twin Towers are also sited on this precinct. The remaining 63 acres were to be developed as public areas including 50 acres of Public Park. Developments that have been planned, constructed, completed and occupied until currently are as follows:

- 88 storey Petronas Twin Towers
- Suria KLCC- the six-level, 1.5 million sq. feet shopping centre
- Petronas Philharmonic Hall
- Kuala Lumpur Convention Centre
- Aquaria
- 49 storey Maxis Tower
- 30 storey Esso Tower
- 32 storey Mandarin Oriental Kuala Lumpur Hotel
- Traders Hotel
- Exxon Mobil Tower
- 50 acre Metropolitan Public Park
- The Binjai on the Park (residential)
- Lot C – mix of retail and office

- Masjid As-Syakirin, a mosque which can accommodate 6,000 people
- 2 District Cooling Centres, which use natural gas to chill water for air-conditioning

(Source: KLCCH brochure and www.klcc.my/development. 20/05/2003)

KLCC is designed to provide a myriad of world class urban infrastructures and services for the urbanites to enjoy, enhancing the quality of urban living in the city of Kuala Lumpur. The developer remains committed to delivering quality in its products and services that will enhance the performance of its project. KLCB as the developer and owner of the project is currently still coordinating new projects in the precinct undertaken solely or in joint venture with others. Beyond 2010, the KLCC precinct is being further enhanced with the arrival of an additional 1.4 million square feet of commercial development comprising of both service apartments and prime office space.

The core urban functions including headquarters of transnational companies, the top end hotels and shopping outlets, recreational and entertainment centres, specialised training facilities, professional services and specialist medical services will continue to be located within the city centre (Kuala Lumpur Structure Plan 2020) and KLCC provides
location for such functions. The role of Kuala Lumpur City Centre with its world famous landmark in this context, was envisaged to market the country globally, projecting a positive brand and image by providing quality urban services, spaces and living. Unlike Putrajaya and KLIA which were built in the outer part of Kuala Lumpur on green fields along the stretch of the MSC, KLCC was a redevelopment scheme which was aimed not only to redevelop the area, upgrade amenities and services for the urban dwellers, improve environmental quality of the area but also achieve the national agenda of becoming a global city in the future.

**Collaborative Development Process**

Development of KLCC was undertaken by a private developer, KLCC (Holding) Sdn Bhd (KL-CCH), which was incorporated in 1989. The biggest shareholder of this company was Petronas which is Malaysia’s national oil company. Other stakeholders included MAI Holding Sdn Bhd, Pacific States Investment Limited (a British-based company controlled by Mr Ananda Krishnan), Usaha Tegas Sdn. Bhd., Syarikat Nominee Bumiputra Sdn. Bhd. and Selangor Turf Club. KLCC was the owner of this project entrusted with the responsibility to design, develop, maintain and manage the project and this it has to undertake while upholding the city’s and national interests. It was responsible for the success of the development project, from the initial planning and design stage through to the construction, completion of the building and occupation by owner/tenants. The KLCC development is the first case in Malaysia whereby redevelopment of an urban space was being privatized. Experience in a number of countries, notably Ireland and the Netherlands, shows that much can be achieved through “partnership” between the public and private sector in redevelopment schemes, notwithstanding the formula of agreement. On the private sector side, there were potential economic profits to be realized from commercial investment. The public sector, on the other side, gains contributions through the mechanism of development planning approval from such schemes. In Malaysia, these were usually in the form of reduced cost of infrastructure provision by the public sector especially relating to access to the proposed development.

Because of the experimental nature of the joint venture where a private developer and landowner were given the full responsibilities to plan and develop an area in the city center of Kuala Lumpur whose development planning is of significant importance, the development process of KLCC was necessarily one marked by close cooperation with the regulatory authorities. In-house sub-technical teams were established by the developer in order to liaise with the local authority, the Town Planning Committee of the Kuala Lumpur City Hall (CHKL), for planning matters especially regarding the procedures, standards and contribution requirements. This was to facilitate successful development process as stipulated by the Local Government Act 1976 and the Town and Country Planning Act 1976.

The CHKL, in this case, adopted a cooperative approach with the developer in the implementation of this prestigious project. Such an approach encouraged both parties to make concessions, to build trust in the other party, and in turn encourage making further concessions. The decisions made by the Town Planning Committee during the planning application process by granting planning for the amendments made by the developer, accepting the reasons given by the developers to all the disputed matters raised and by adding new planning conditions and obligations in the interest
Kuala Lumpur, Malaysia

of the public, demonstrated an integrative (problem-solving) approach by the City Hall of Kuala Lumpur. This approach sought to maximize the parties’ potential for problem-solving in order to increase joint benefits thus, expanding the quality of resources available. In this case, both CHKL’s and the developer’s interests were not at loggerhead and solutions were designed that satisfied both interests (Noor Rosly, 2007).

Due to the project size with mixed uses and prudent risk management, the 100 acre development was undertaken in phases spanning many years. Anchoring phase one of the development is the North-West Development, which serves as the gateway to KLCC. The development is focused on three most significant components: the Twin Towers which not only served as the gateway to the development but more importantly as the new landmark for the country, the shopping complex for commercial profits, the park for the public and another symbol of an Islamic society, the mosque. The planning authority received the application for planning approval to develop the site in 1992 (Summary paper for Town Planning Committee meeting, 1996). Work on the first phase began some time in 1993.

Sustainable Urban Development
The initial proposal to redevelop the whole site and the surrounding areas into a public park as recommended in the Kuala Lumpur Structure Plan 1984 was not a feasible alternative. Although a public good, the park would increase the liability of the local council in terms of its development and later on mounting maintenance costs. According to Sirat and Ghazali (1999), the estimated high maintenance cost of the park that later would be borne by the local authority was the most objectionable aspect of the original version of the redevelopment plan. In order to help finance the plan, it was later amended to include a smaller park as part of a larger commercial area.

The large land area made available after the relocation of the turf club was adequately sizeable to accommodate both the public demand for green space and commercial establishments in a creative layout design. Twenty-two free standing lots which fringed a park consisted of mixed-use development comprising commercial, retail, hotel, residential and entertainment facilities. The Metropolitan Park in the centre of KLCC is 50 acre in size which constituted 50 percent of the total KLCC development. This made it the largest park in the city designed to help achieve sustainable urban development objective within the context of a rapidly growing Kuala Lumpur metropolitan region. The solution to the park was innovative as it satisfied both the public concern about the shrinking green lung in the city center while at the same time capitalizes on the strategic location of the site for businesses and enhance the surrounding land values.

The 50 acres park is considered unique in that it showcased a heritage of tropical greenery comprising some 1,900 indigenous species, including some which were saved from the former Selangor Turf Club which it had replaced. Other attractions of the park include the Symphony Lake which features mesmerizing displays, the elevated bridge with vantage view point of the Twin Towers, children’s playground and wading pool and many more. Another interesting aspect of the park is the design which integrates man made creativity with nature. The park, through provisions of ample spaces for recreation and relaxation, ensured that the public would benefit from this rather highly commercialized development.

The maintenance of the Metropolitan Public Park which was also privatized which made it unlike normal practice. The planning standard in Malaysia requires all public open space provided in a development scheme to be surrendered to the local authority upon completion. However, in the KLCC case, the developer insisted on managing the park claiming that the standard of maintaining the park would directly affect the value of its development. According to the developer, since the park
was by design, unique, it required expertise and thus high maintenance cost for the local authority to sustain. To this, the Kuala Lumpur City Hall consented by supporting the developer’s application for a 21 years lease for the maintenance rights of Metropolitan Public Park (Noor Rosly, 2007).

POLICY IMPLICATIONS

Urban redevelopment, according to literature, is a comprehensive and integrated vision and action to address urban problems. Redevelopment efforts seek to bring about a long term improvement of an area through a lasting improvement in its economic, physical, social and environmental condition. UNEP (2004) further popularize the idea of city marketing and promotion as key components of urban redevelopment/regeneration. This requires capitalizing on the benefits of urban redevelopment in order to attract economic activities as the basis for social and economic development of the city. It also necessitates a search for new roles for a city by promoting business, cultural, educational, technological and other modern sector activities, including tourism. This was precisely what inspired the making of KLCC after which the ordered relocation made available a 100 acre piece of invaluable land in the heart of Kuala Lumpur for redevelopment. The Kuala Lumpur City Centre (KLCC) as the first privatised redevelopment of an urban space in Malaysia has revealed a number of lessons and policy implications as follows:

Visionary and Sustained Leadership

The innovative and successful implementation of the KLCC landmark project would not have been possible without a vision that was fully backed up by the government and commitment of Kuala Lumpur City Hall (CHKL) particularly the Town Planning Committee of CHKL.

Integrated Land Use Development

Integrating a variety of land uses (including parks) within a mixed-use development has become a “material” planning consideration in redevelopment as diversity of uses adds vitality and interest of city centers. This case study revealed that a massive urban redevelopment project, if properly integrated, can contribute more towards sustainable land use than a single use project.

Partnerships in Urban Development

The close nexus between the developer of KLCC and CHKL ensured that this prestigious project proceeded smoothly for the benefit of all parties including those of the private, the public and the people.

Responsive Planning System

The KLCC project represented for the first time a major urban redevelopment project which was undertaken by the private sector. It is crucial that the public sector be responsive to tap the dynamism of industry for the benefit of all parties as exemplified in this project. The planning system need not be constrained by modalities of the past in the search of new and more vibrant solutions.

REFERENCES


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