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# Trio of reforms needed — fiscal, administrative and housing industry

*Federal-state synergy could also be forged and fostered in urban redevelopment to unlock land value and improve public transportation ridership*

by JASON LOH

TO MAKE affordable housing a reality, an inter-locking trio of reforms pertaining to fiscal capacity, administration and the housing industry itself should be set in motion.

The previous Pakatan Harapan government had aspired to build “one million” affordable homes within 10 years. Presumably, Prime Minister Tan Sri Muhyiddin Yassin intends to carry on with the same — as part of the national agenda to mitigate the cost of living for the rakyat.

Although not currently the case, perhaps ideally so, affordable housing (both single-storey and multi-storey) should be predominantly driven by the federal government, while state governments focuses on low-cost flats.

The role of the Ministry of Housing and Local Government (KPKT) should then be focused towards providing the backup support and coordination alongside the broader institutional and regulatory framework for state governments.

At the same time, there should be a dedicated role for federal government-linked companies (GLCs) in partnership with state governments where necessary and relevant — to focus on smart cities and self-sustaining/self-containing townships otherwise known as mixed development.

Federal-state synergy could also be forged and fostered in urban redevelopment to unlock land value for instance, Malay reserve and *waqaf* land plots, and improve public transportation ridership.

Not least, in also providing the pre-conditions and spatial framework for affordable housing.

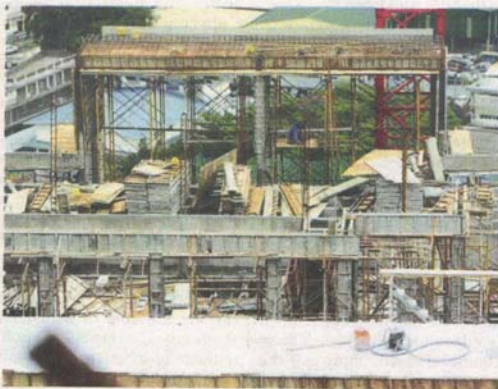
This proposed arrangement would also have the advantage of overcoming the lack of holistic and effective coordination between the federal and state governments in affordable house-building.

And thereby, ensuring a more optimal use of resources that avoids or minimises the duplication of efforts by federal and state agencies.

It would also enable more targeted and focused efforts based on



Going forward — PRIMA, SPNB, PPRT and the PPAIM can be abolished or amalgamated into an AHA under the jurisdiction of KPKT with AHA being involved in the entire supply chain for both ownership and rental in the construction of affordable housing



The creation of a parallel market — materials will be supplied to the state gov and local authorities at a controlled/fixed price level that is lower than the prevailing market price

local market needs and demand rather than to meet certain quotas.

Now, there are essentially two administrative conditions by which the federal government could step in to support the state governments — without usurping the role of the latter.

Both of these administrative conditions operate on the basis of coordination between the federal and state governments.

The federal government would only step in to provide affordable housing under certain conditions, eg land swap or deficient supply caused by failure of both the public and private sectors involvement.

Direct intervention by the federal

government bypassing the particular state will be made based on:

- current data such as that provided by the National Property Information Centre;
- market conditions; and
- after consultation with the state government.

Going forward, Perbadanan PRIMA Malaysia (PRIMA), Syarikat Perumahan Negara Bhd (SPNB), Projek Perumahan Rakyat Miskin Tegar (PPRT) and the Malaysia Civil Servants Housing (PPAIM) could be abolished or amalgamated into an Affordable Housing Authority (AHA) under the jurisdiction of KPKT.

The Real Estate and Housing

Developers' Association (Rehda) and Association of Valuers, Property Managers, Estate Agents and Property Consultants in the Private Sector Malaysia have called for such a body to be established.

The AHA will be involved in the entire supply chain — from start to finish — for both ownership and rental in the construction of affordable housing, as well as low-cost flats if need be or when requested by the state governments.

Mortgage, however, continues to be under Cagamas Bhd.

The AHA shall coordinate with the state governments including those who are already proactive in providing affordable housing for the purpose of ensuring adequate supply to meet the growing demands of the local market.

It will also determine the design, specification, standards and quality, and size of affordable housing and of low-cost flats across states that have come under its jurisdiction.

Other forms of coordination with the state governments including working together to help developers absorb the costs when for example there is fluctuation in the ringgit, raw materials could be partly subsidised by the AHA via a special fund set aside.

Otherwise, for certain raw materials, the government could purchase in bulk quantities to be distributed for discounted prices to the developers.

Secondly, the federal government will also provide backup and support in the form of government agencies and GLCs that will engage in the manufacturing, operating and supplying, as well as direct import of cement, gypsum, steel and metal.

That is to say, the creation of a parallel market — materials will be supplied to the state government and local authorities at a controlled/fixed price (floor) level that is lower than the prevailing market price.

In other words, the full-spectrum of up-, mid- and downstream activities. Therefore, state governments will not be competing with the private sector for raw materials.

All construction work will be carried out by private sector contractors under joint supervision by a consortium and KPKT which will perform monitoring and supervising roles. These include ensuring quality control and assurance and timely completion.

Alternatively, funding could also be derived from the housing industry itself through a Special Industry Contribution (SIC) as per Rehda institute's policy proposal on social housing rental for the bottom 40% income group in its Affordable Housing: The Game Plan Transformation report.

As for home ownership, the SIC could be utilised in return for joint-development projects where the AHA provides subsidised raw and semi-finished materials to the private sector or bears most of the compliance and utilities costs.

A fund similar or analogous to the Malaysian Road Records Information System could also be set up and placed in a trust or deposited in Bank Negara Malaysia to earn interest.

The fund could also be allocated to state governments for use in low-cost housing.

As a public good, affordable and low-cost housing are integral to our Shared Prosperity Vision 2030 and enable us to achieve the sustainable development goals in the long term.

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