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Social housing should be a national agenda, says Rehda

By THEAN LEE CHENG
leecheng@thestar.com.my

PETALING JAYA: Rehda Institute is proposing the government to expand its role in resolving the various issues troubling the housing sector and to use some of the land at federal and state level's disposal to build public and social housing.

The research arm of the Real Estate Housing Developers Association (Rehda) also threw up the idea of the government being a landlord, as social rental housing may be the effective way to help the bottom 40 (B40) group.

"Redevelopment on large government tracts of land is the way to go," Rehda Institute chairman Datuk Jeffrey Ng told a press conference.

Residential real estate investment trusts is a high impact solution at low costs to the government because of the vast tracts of land at its disposal.

He said Kwasa Damansara in Sg Buloh, Tun Razak Exchange (TRX), Bandar Malaysia, locations with good public rail transport and state land are able to accommodate about 560,000 units of public and social housing.

Economies of scale would enable the use of industrial building system (IBS), he said. IBS is a construction technology which did not quite take off in Malaysia although the government is trying to promote it.

At the same event, Ng also issued an affordable housing transformation game plan detailing problems and solutions, one of which is to remove cooling measures in order to boost demand for properties priced below RM1mil.

"We have been in a down market for 3½ years," he said.

Ng said there is a difference between public social housing and affordable housing and is proposing that the government build public social housing while private developers construct "market-driven affordable housing".

He said the current practice of public housing agencies and private sector building in the affordable segment is unhealthy.

"It is not a level playing field and the public sector is competing with the private sector. There are too many players providing affordable housing.

"There are no standard threshold price levels, with different states and agencies having their own definitions," he said.

Proposing a moving scale of between RM200,000 in Kelantan and RM500,000 in the Klang Valley, Ng said the government should undertake social or public housing below that redefined threshold and private developers build "market-driven housing" above and/or within that threshold.

That effectively means the government build units priced below RM500,000 in the Klang Valley and the private developers build units RM500,000 and above.

When asked if Rehda Institute is pushing the responsibility of affordable and public housing to the government, Ng said "no but some clear delineation is needed". "Social housing should be a national agenda," he said.

Acknowledging that Malaysia indeed has a high household debt-to-gross domestic product ratio of 84.3%, he proposed maintaining that 84.3% level but allowing households to take on more housing loans but to reduce other forms of debt.

He also said Bank Negara's definition of loan approvals was different from private developers.

He said when a buyer applied for 90% financing but only received 70%, the central bank considered that as an approval but this did not help the buyer because he is still short of 20%.

Ng proposes 100% financing for some M40 (middle-income) group with the "capacity to service loan repayments but do not have sufficient funds for downpayment."

He said cross subsidies where one group of purchasers has to subsidise for another is also counter productive, as this would eventually lead to one group paying for the other.

"Affordability issue is a global dilemma but Malaysia is the only country where the private sector is imposed with compulsory affordable housing quota across the board nationwide," he said.

Rehda held its annual delegates conference on Saturday after the briefing and voted in IJM Corp Bhd CEO and managing director Datuk Soam Heng Choon as its new president.

9 structural problems

- Uneven playing field
- Rigid policies, quotas
- Unsuitable location
- Land scarcity
- Cross subsidies cause of high prices
- Rising development costs
- Unproductive use of public funds
- Low buying power B40 and M40
- Lack of current market data

