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Govt should control house prices

> Homes in Malaysia today are too expensive, they should be made affordable to all

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KUALA LUMPUR: It is the government's duty to ensure house prices remain affordable for the people, especially those in the low and middle income groups, said Khazanah Research Institute (KRI) director of research Dr Suraya Ismail.

"It is a duty. Food, shelter; this is something basic. It's a decent home. As you know, a house is a family unit... it's also about the well-being of the people. You're paying taxes here so the government should take care of you," she said in an interview recently.

Suraya, who was commenting on whether house prices should be a controlled item, said houses in Malaysia today are too expensive and the government should ensure that houses are affordable for Malaysians based on their income level.

"We need to build for our local people and we need to build for the majority of people who contribute to everyday lives. That's important. Now, if they can't afford to buy houses without any cash assistance or housing subsidy, in the end, all of us must take care of them.

"So, it's not really about price control but giving a price range that, if you want to supply houses for these people - which is now becoming a bigger proportion of society - these are the right pricing," she said.

She added that it is important to regulate house prices by ensuring that selling prices are backed by effective demand.

Recently, the Valuation and Property Services Department (JPPH) proposed to the Finance Ministry to form a committee at the federal level to monitor

house prices.

Under the proposal, JPPH will conduct checks on new housing projects and provide advice on whether the projects are overpriced or not before approvals are given by the National Housing Department (JPN).

Checks will be done on various elements of the project including land cost, material cost, labour cost as well as market value of the surrounding area, after which a recommended price range will be provided.

JPPH director-general Nordin Daharom said a similar committee has already been established in Malacca, named Jawatankuasa Belah Bahagi (JKBB), which the proposed federal-level committee can be modeled upon.

Speaking to reporters at the launch of the Property Market Report for First Half 2018 recently, Nordin said the proposed committee is envisioned to have various industry stakeholders as its members, including representation from JPPH, JPN, Housing and Local Government Ministry, Construction Industry Development Board, Land and Mineral Office and others.

On whether there will be penalties imposed on developers who do not follow the recommended price range, Nordin said it is up to the government to decide.

Suraya and National House Buyers Association (HBA) secretary-general Datuk Chang Kim Loong, both support the proposal and went a step further to say that there must be enforcement.

"There's no point having such a law if there is no penalty," said Chang, adding that HBA had suggested a similar move several years ago with a formula to control house prices.



Nordin



Chang

However, he said the price control should be limited to the affordable homes category for houses priced RM300,000 and below. He also said HBA should be a part of the committee.

Chang said at present, prices of materials such as cement, sand and steel are regulated by the government.

Professional fees of consultants such as architects, lawyers, engineers and surveyors are also regulated while processing fees are standardised.

"If the pricing for so many items and services can be regulated, there is no excuse not to regulate certain sectors of the housing industry which affect the majority of the nation."

He said price controls might be necessary to allow the middle and lower income groups to own their own homes and suggested that the government cap the profit margins of developers constructing affordable homes, which would lower house prices.



Suraya