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Too many authorities building affordable homes

The Malaysian Reserve, Malaysia



REHDA

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Besides PRIMA, there are about 20 national and state agencies involved in providing affordable housing

by FARA AISYAH

AFFORDABLE homes could face a critical glut as incoordination between state and federal agencies has triggered worries of overbuilding and further dampens the recovery of the already reeling housing sector.

Presently, various agencies are involved in the construction of affordable homes which could ruin the overall supply in the segment.

Recent official figures showed that unsold residential properties rose in the first six months of this year, with condominium and apartment units priced between RM200,000 and RM300,000 accounted for a large portion of the unsold units. There were 32,810 overhang residential units worth RM19.76 billion.

The Association of Valuers, Property Managers, Estate Agents and Property Consultants in the Private Sector Malaysia (PEPS) said besides 1Malaysia Housing Programme (PRIMA), there are about 20 national and state agen-

cies involved in providing affordable housing.

"There is no coordination among these national and state agencies, thus resulted in duplication and affordable housing built close to each other," PEPS said in its Budget 2020 wishlist last week.

The association has proposed the setting up of a national housing corporation on affordable housing.

It could be modelled after Singapore's Housing Development Board based on its success in tackling housing problems and creating home ownerships for eligible citizens.

The association said the national housing corporation can plan, coordinate and implement the government's blueprint and plans on affordable housing nationwide.

It would also coordinate and bring all the government agencies involved in affordable housing under the corporation and liaise with the state governments on affordable housing schemes.

The corporation could work with the state governments to release suitable landbank for affordable housing and identify suitable developers for joint-venture developments.

It added that the corporation could also carry out research on supply and demand, income levels, household



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incomes, affordability and pricing issues, and buyer preferences to capture effective demand; and get developers to allocate a certain percentage of their townships for affordable housing and to jointly develop with the corporation.

PEPS also proposes to the government for a grant allocation to kickstart the formation of the national housing corporation and existing government companies involved in affordable housing to be absorbed

under this new corporation.

PEPS said authorities and associations have different definitions on affordable housing prices.

It said for example, PRIMA's thresholds for affordable housing are between RM100,000 and RM400,000, Real Estate and Housing Developers Association Malaysia's (Rehda) definition (RM300,000 to RM500,000) and the National House Buyers Association (RM150,000 to RM300,000).

PEPS said based on the data by the Valuation and Property Services Department of Malaysia, the house price median in the country stands at RM280,000.

"In Kuala Lumpur (KL), house price median is at RM500,000 and for Selangor, it is at RM380,000 as in the first half of 2019. The housing price median has increased 77.21% since 2010 in Malaysia.

"Monthly household income median for Malaysians was at RM5,228 in 2016. In KL, household monthly income was at RM9,073 and Selangor was at RM7,225.

"According to Khazanah Research, 'affordable' market should have a 'median multiple' (median house prices as a multiple of median annual household income) of three times, hence, based on the current household income, most of Malaysians will not be able to afford a house," PEPS said.

It added that the affordable housing prices based on current household income should be RM188,000 in the country, compared to the current median house price of RM280,000.

Meanwhile, KL's affordable home price tag should be RM327,000, compared to the current RM500,000, while Selangor's should be RM260,000, against the current RM380,000.



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SUMMARIES

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AFFORDABLE homes could face a critical glut as incoordination between state and federal agencies has triggered worries of overbuilding and further dampens the recovery of the already reeling housing sector. Presently, various agencies are involved in the construction of affordable homes which could ruin the overall supply in the segment.