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'CONTROLLING' PRICES OF AFFORDABLE HOMES

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Housing and Local Government Minister Zuraida Kamaruddin studying the plans for a new public transport terminal at the Kuala Terengganu Sentral site yesterday. BERNAMA PIC

NATIONAL AFFORDABLE HOMES POLICY

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Policy will ensure prices are based on locality, area's average household income, says Zuraida

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THE Housing and Local Government Ministry will ensure that the prices of affordable homes are based on locality and the area's average household income.

Minister Zuraida Kamaruddin said the government had drawn up the National Affordable Homes Policy (DRMM), which was a continuation of the National Housing Policy 2018-2025 earlier this year, to ensure that affordable homes were reasonably priced.

"The policy will ensure that the prices of affordable homes are no more than three times the median of the area.

"The policy will control the prices of affordable homes by way of locality and the conditions of the community. For example, the

prices of houses in Kuala Lumpur will be different from Kuala Terengganu's," she said after visiting the Kuala Terengganu Sentral site here yesterday.

Zuraida said international standards that had categorised Malaysian homes as "seriously unaffordable" had taken into account the average prices of existing homes, which were developed since the 1980s and 1990s.

"Their study drew upon the average (prices) of existing homes. However, there was a glut of expensive houses in the 1980s and 1990s.

"This led to the average prices of homes being categorised as being seriously unaffordable."

She said that there were more than 2,000 units of completed, affordable homes nationwide, priced under RM300,000, which are unsold, while 14,000 other affordable homes were under construction.

She said apart from the perceived high prices of houses, another factor behind the difficulty faced by consumers is in obtaining loans.

As such, a new home ownership scheme, known as RTO or "rent to own", introduced by the government, would help house owners secure loans.

"We found that many people are unable to secure financing.

That is why the government approved a RM10 billion allocation in the 2020 Budget, which would be provided by financial institutions with government backing, via a loan guarantee of 30 per cent or RM3 billion via RTO."

Last week, Bank Negara said houses were deemed "seriously unaffordable" by international standards.

The bank's Financial Surveillance Department director, Qaiser Iskandar Anwarudin, said according to the median multiple methodology developed by Demographia International and recommended by the World Bank, United Nations and Harvard University, a house was deemed affordable if it was priced not more than three times the annual household income.

He said most Malaysians could not afford to buy newly-launched houses with an average price of RM417,262, while the maximum affordable house price nationwide was RM282,000.

Qaiser Iskandar said 73 per cent of unsold properties in Malaysia were not affordable, with Johor recording the highest number of unsold houses, followed by Selangor, Kuala Lumpur, Perak and Penang.

However, he said, the market had improved with prices going down at a moderate pace.



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SUMMARIES

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