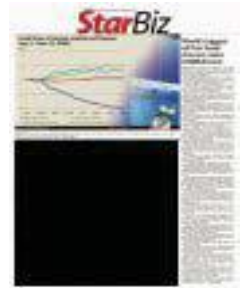


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Single body for affordable homes

Renewed calls for better coordination between parties

PROPERTY

StarBiz Special

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PETALING JAYA: There are renewed calls for the creation of a statutory body that can coordinate the development of affordable homes between federal and state agencies.

PPC International managing director Datuk Siders Sittampalam said there needs to be a single authority that can address the affordable housing situation in the country.

"The federal and state governments do not work in tandem as land is a state matter. Each state has its own equivalent to what constitutes affordable housing and has its own schemes and proposals," he told *StarBiz*.

He said the statutory body would have the authority on building and managing affordable homes.

"If it's left to the market, the deterioration of low-cost houses will continue to remain drastic.

"You can continue to create affordable homes, but if it is not managed properly, it will just end up being another slump."

Meanwhile, TA Securities in a recent report also said the Real Estate and Housing Developers' Association Malaysia (Rehda) is calling for the creation of a new statutory body, to be modeled after Singapore's Housing Development Board (HDB), that will take over the role of delivering social housing in Malaysia.

Citing Rehda president Datuk Soam Heng

"You can continue to create affordable homes, but if it is not managed properly, it will just end up being another slump."

Datuk Siders Sittampalam

Choon, TA Securities said the property sector remained clouded by key challenges such as oversupply and affordability issues.

"That said, he believes that the government can play a bigger role in solving these structural issues. First, the establishment of a centralised database and housing development board needs to be expedited.

"Specifically, the centralised database, which would promote greater transparency among stakeholders to share information and data, could help to ensure new housing supply is tailored towards the income and demographic profile of households across

different locations."

The research house emphasised Rehda's call for a new statutory body, one that would be modelled after Singapore's HDB.

"At the moment, there is a lack of coordination between the national and state agencies, thus resulting in duplication where the national and state affordable housing are being built close to each other.

"Meanwhile, Rehda has also urged the government to revitalise the housing industry ecosystem, given that the current cross-subsidy model has purportedly made houses more expensive.

"For instance, the government should review the requirement of a low-cost housing quota and abolish unnecessary charges imposed on developers, as the savings will be passed down to purchasers through lower house prices."

At the recently tabled Budget 2021, the Perikatan Nasional administration allocated RM1.2bil to build affordable housing for low-income families.

Close to half of it will go into building 14,000 homes under the Public Housing Programme, while over RM300mil more is for 3,000 units to be developed by the National Housing Development Company.

In view of the current challenging market environment, TA Securities said Soam is calling for a further consolidation in the real estate sector, by pulling resources and capabilities together to ensure sustainability.

"Soam believes that embracing property technology and the sharing of platforms are

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Market supply chain is getting back to normalcy

> FROM PAGE 1

the low-hanging fruits to help strengthen the developers' market position. Joint ventures among developers (or with landowners) based on a project-by-project basis could be a good option too.

"He notes that a successful merger and acquisition in the real estate sector requires in-depth due diligence, not only from the aspect of financial benefit but also to access the cultural fit factor."

While sector headwinds persist, TA Securities concurred with Soam's views that the prolonged low interest rate environment, abundant market liquidity and supportive government measures will help to spur demand for properties.

"At this juncture, we are keeping our neutral stance on the property sector. We are in the midst of reviewing our earnings and stock recommendations, pending more updates and guidance from developers in their upcoming third-quarter results.

"Taking a cue from the sector's bellwether, that is SP Setia's third-quarter property sales which had more than tripled from a quarter ago, the property sector's third-quarter sales would likely pan out stronger-than-expected."

Citing Soam, TA Securities said the property market supply chain is getting back to normalcy, whereas construction work has recovered to 75% and 85% of pre-movement control order levels.

"Meanwhile, property sales are also rebounding on pent-up demand. Having said that, Soam believes that the property sector will have a slight buffer compared with other industries, such as the airline and tourism industry, as property developers have unbilled sales which could cushion the near-term impact of the disease.

"In anticipation of an uptick in property sales in the second half of 2020, which might eventually sustain into 2021, we would likely relook into our valuation basis with an upward bias in our upcoming annual strategy 2021 report."