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'CAP AFFORDABLE HOME PRICES BY LOCATION'

THE research arm of the nation's housing developers association proposes that the maximum prices of affordable homes be structured according to the states' median income loan eligibility. It says, for example, the ceiling should be RM500,000 in KL, and RM200,000 in Kelantan.

REHDA INSTITUTE PINPOINTS NINE STRUCTURAL FACTORS CAUSING HEADWINDS IN AFFORDABLE HOUSING SECTOR

» REPORT BY **Ooi Tee Ching** ON **PAGE 2**

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FOR THE PENINSULA

AFFORDABLE HOUSING PRICE THRESHOLDS PROPOSED

Price benchmark based on median income loan eligibility in each state, says Rehda Institute

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THE Real Estate and Housing Developers Association Malaysia (Rehda) Institute has proposed affordable housing price thresholds in Peninsular Malaysia, with residential units here and the Klang Valley topping the list at RM500,000.

In its summary research report on affordable housing released yesterday, Rehda Institute said the benchmark for affordable housing varied across the country, based on states' median income loan eligibility.

The report said affordable housing was being built, but there was no demand for it as 14,739 units below RM500,000 were unsold up to the first quarter of the year.

The research identified nine structural problems in the affordable housing system, namely fragmented and unlevel playing field, rigid housing policies, unsuitable locations and land price.

Other issues were uneven cross-subsidy, rising development cost, unproductive use of public resources, low financial capacity for Bottom 40 and Middle 40 income groups, and absence of housing market data.

Rehda Institute chairman Datuk Jeffrey Ng said the lack of coordination between the public and private sectors in providing affordable homes was com-

pounded by the different definition of what affordable meant.

He said the median household income differed from state to state.

Ng said there were many agencies in the government and private sector providing affordable housing projects.

He said this led to a lack of coordination, which resulted in the mismatch of supply and demand, thus, leading to the tens of thousands of unsold units.

"Every housing project approval comes with an affordable housing quota, including where there may be no demand and a lack of a suitable ecosystem."

To address this problem, Ng said Putrajaya needed to set up a special purpose central agency (SPCA) under the housing ministry to redefine the roles of public and private property developers in providing a master plan for affordable homes.

"SPCA should streamline the policy formulation based on household income and demographics in states and local areas."

For example, he said, the unsold Bumiputera quota that was not released into the open market was adding up to the holding cost and overall cost of property development.

Up to March, Malaysia had 23,599 units in residential over-



Rehda president Datuk Seri FD Iskandar (third from left) and Rehda Institute chairman Datuk Jeffrey Ng (second from right) at a press conference on the 'Affordable Housing Report' in Petaling Jaya yesterday. PIC BY ROHANIS SHUKRI

hang. Part of these unsold units were under the Bumiputera quota.

Ng said this at a media briefing following the release of a report titled "Affordable Housing Report".

Present were Rehda Institute trustee Datuk Ng Seing Liong, Rehda president Datuk Seri FD Iskandar and Rehda deputy president Datuk Soam Heng Choon.

Iskandar said Malaysia was the only country with a high cross-subsidy and this had been going on for the past 40 years.

"This can happen if the market is okay, but the last four years was challenging for the property market."

He was referring to the report that the cross-subsidy model in private developments resulted in purchasers of non-quota houses paying a higher price for subsidised affordable housing units.

"We suggest that it is the gov-

ernment's responsibility to build affordable housing and the private sector's to deliver market-driven properties, without price control and quota."

Iskandar highlighted the suggestions of converting subsidies to social housing stock, such as rental programmes and sale of affordable homes to middle- and

low-income groups.

The report proposed that banks offer 100 per cent housing loan to low-income groups and first-time homebuyers.

It recommended reintroduction of the Developer Interest Bearing Scheme with a mechanism to tackle previous shortcomings.

WHY AFFORDABLE HOMES NOT CATCHING ON

- 01 FRAGMENTED AND UNLEVEL PLAYING FIELD
- 02 RIGID HOUSING POLICIES, SUCH AS QUOTA AND PRICE CONTROLS
- 03 LOCATIONS NOT SUITABLE
- 04 LAND SCARCITY
- 05 CROSS-SUBSIDIES MAKE PRICES HIGHER
- 06 RISING DEVELOPMENT COSTS
- 07 UNPRODUCTIVE USE OF PUBLIC FUNDS
- 08 LOW FINANCIAL CAPACITY OF BOTTOM 40 & MIDDLE 40 GROUPS
- 09 ABSENCE OF RELIABLE AND UP-TO-DATE MARKET DATA

Source: Rehda Institute

PROPOSED AFFORDABLE HOMES PRICE THRESHOLDS (MAXIMUM)

Note: Based on states' median incomes loan eligibility

Urban 1	Kuala Lumpur and Klang Valley	RM500,000
Urban 2	Other parts of Selangor, Penang Island and Johor Baru	RM400,000
Urban 3	Seberang Prai, Johor, Melaka and Negri Sembilan	RM350,000
Urban 4	Terengganu, Kedah, Perak, Perlis and Pahang	RM250,000
Urban 5	Kelantan	RM200,000

Source: REHDA Institute

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