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PROPERTY

AFFORDABLE HOUSING

# 'It's unlevel playing field'

KATHY B.

**O**NE of key structural issues when it comes to affordable housing in Malaysia is competition between the public and private sector which has grown more intense.

Private developers have been raising this issue for years but without success.

The Real Estate and Housing Developers Association (Rehda) said it was unhealthy for the public sector like 1Malaysia Housing Programme (PR1MA) to compete with the private sector in some locations.

PR1MA was established under the PR1MA Act 2012 to plan, develop, construct and maintain high-quality housing with lifestyle concepts for middle-income households in key urban centres.

Priced between RM100,000 and RM400,000 and located in key strategic urban areas nationwide, PR1MA houses are open to all Malaysians with a monthly household income between RM2,500 and RM15,000, according to its website.

Competition from the public sector was one of nine structural issues highlighted in a recent report by Rehda titled "Affordable Housing Report".

The other issues were rigid housing policies

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such as quotas and price control, unsuitable location, land scarcity, cross subsidies that make houses more expensive, rising development costs, unproductive use of public funds, low financial capacity for B40 (Bottom 40 per cent income group) and M40 (Middle 40 per cent income group), and the absence of reliable market data.

"It is an unlevel playing field with different models and costs structure between public and private sectors yet they have similar pricing and target market. The public sector's costs will be lower due to cheaper land costs, exemptions, different funding sources and licensing factors," the report stated.

Rehda chairman Datuk Jeffrey Ng has suggested the formation of a special purpose central agency (SPCA) under the Housing and Local Government Ministry to redefine the roles of the public and private sector in providing affordable homes under a holistic master planning.

He recommended that the public sector should undertake the responsibility of social or public housing delivery based on the redefined thresh-

old price level while the private sector focuses on market-driven affordable housing above and/or within the threshold.

Rehda has proposed affordable housing price thresholds in Peninsular Malaysia, with residential units in Kuala Lumpur and the Klang Valley topping the list at RM500,000.

"However, it doesn't stop private developers from building market-driven products, whereby if they want to build houses below the threshold price, it is not controlled by quota or price controls," said Ng.

Every housing project approval is imposed with affordable housing quota in various locations (whether or not there is demand).

The report said unsold Bumiputera quota that is not released to the open market is adding up to holding and overall costs of property development.

This will add to increased prices for non-Bumiputera lots as cost per unit is passed on to buyers.

As in March this year, Malaysia recorded a total of 23,599 units of residential overhang and many of those units were reserved for bumiputeras.