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HOC to focus fully on affordable houses

The Malaysian Reserve, Malaysia



REHDA

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This time, KPKT will focus 100% on offering affordable houses capped at RM300,000, says an expert

by AFIQ AZIZ

THE Ministry of Housing and Local Government (KPKT) is expected to exclude medium and high-cost housing projects from the extended Home Ownership Campaign (HOC), and focus fully on low-cost developments to meet the actual market demand.

KPKT national housing department DG Jayaselan Navaratnam said the HOC, which started in January and aimed at encouraging home ownership, did not manage to reduce the number of unsold houses that are flooding the market.

"In the earlier campaign, we opened it to all markets to better gauge the customers' expectations, their profiling and products acceptance, which also gave us a better picture on this situation.

"We just want sales to pick up. But since it was down and not able to push the market into a steady and normal flow, we are looking at ways to overcome this," he said.

He said the first six months of the campaign did not produce the desired results as there is still a continuous mismatch between supply and demand.

It was reported that the home overhang supply stood at 32,313 units valued at RM19.86 billion as in the fourth quarter of 2018.



Visitors at the HOC. Rehda targets to achieve RM3b in sales, 5 times more than what was achieved during the first 6 months of the HOC

Photo: Hassan Shuhaimi/STP

Despite various incentives, including the 10% minimum discounts and stamp duty exemptions offered during the HOC, the government-backed programme only sold 1,144 property units, valued at RM650.87 million, which prompted the government to extend the programme until December this year.

Jayaselan said of the total units sold, 88% were priced below RM300,000 and were mainly government-owned projects developed by Perbadanan PR1MA Malaysia which offered up to 30% discounts for its houses.

He said the extension would give all stakeholders in the pro-

gramme, including the developers and financial institutions, the opportunity to revise their strategy in cleaning up their inventory, as well as boost access to home ownership.

For the remaining six months of the HOC, he said KPKT would focus mainly on affordable houses that are priced below RM300,000, along with unsold sub-sale houses that are in the market.

"This time, KPKT will focus 100% on offering affordable houses capped at RM300,000," Jayaselan said.

He said the ministry has already approved some 6,000 units of affordable homes that will be made available during

the campaign.

Among the expected residential units are projects built by PR1MA, Syarikat Perumahan Negara Bhd (SPNB) and other agencies under KPKT. Jayaselan said some private developers have also shown interest to tap into this campaign.

"The exact projection figures will be concluded next month as we are still collecting the data," he said.

Jayaselan said the rent-to-own (RTO) home ownership schemes would also be eligible for the HOC certificate, which would allow buyers to enjoy stamp duty waivers.

RTO is an alternative financing scheme to help first-time

home buyers as they will be able to enjoy the flexibility of converting rental into down payment towards purchasing a home at a locked-in price. Previously, the scheme was not part of the HOC.

Jayaselan said the government is also looking at establishing a shared equity mechanism between house buyers and developers via the campaign.

For a start, he added that PR1MA and SPNB are expected to lead the pilot project with Cagamas Bhd — the national mortgage corporation — to become the guarantor of the programme.

"In the second week of October, we will hold our own HOC

in Kuala Lumpur. After that, we would propose the next course of action to the government which may also be included in Budget 2020.

"Among the consideration is a potential extension of the HOC up until next year," he said.

Jayaselan added that the HOC would remain pivotal to provide the best understanding for all parties that are involved in the property sector.

"It is not the absolute solution to the current overhang, but a catalyst for all to understand the market and developers to gauge the type of houses that they should build, and bankers, to understand the profile of purchasers.

"We already have the prices of homes brought down by even 10% while offering all sorts of exemptions like stamp duty, and yet the market is not recovering and moving.

"Developers now know that people's ability to own such houses is not there yet, which would see further reductions in new launches," Jayaselan said.

He added that developers can now meticulously formulate the locations of new developments; which one should be expedited and which project should be slowed down.

"They are beginning to be very prudent in their planning," he said.

The Real Estate and Housing Developers' Association Malaysia (Rehda), the main driver of the campaign, had targeted to achieve RM3 billion in sales, five times more than what was achieved during the first six months of the HOC.



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SUMMARIES

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