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KUALA LUMPUR: State governments and local authorities (LAs) must open up more of their land to build affordable homes for low income earners, said Deputy Finance Minister Datuk Johari Abdul Ghani.

He said the move was essential for low income earners who could not afford new houses which were priced at above RM300,000 each.

He said 79 per cent of newly launched housing projects in 2014 comprised units priced at more than RM250,000 each.

"With a median income of only RM4,585, they can only afford to buy homes priced at below RM200,000 each after taking into account other commitments like tax, Employees Provident Fund contributions and basic expenditure.

"Houses will be sold at prices beyond the means of the group if state governments sell their land to private sector housing developers. This because the developers will add in their profit to the price of a house.

He said this when answering Ng Wei Aik (DAP-Tanjong) during the question-and-answer session

at the Dewan Rakyat yesterday.

To a supplementary question from Ng on the guidelines and criteria for housing loans for low and moderate income earners, Johari said qualified borrowers had access to financing for low cost homes.

"The number of bank loans for purchase of homes rose by 12.3 per cent as of the end of August. In fact, 86 per cent was for buying units costing below RM500,000.

"The rejection rate for housing loan applications dropped to 18.6 per cent as of August this year from 28.6 per cent in 2012," he said.

At the same time, Johari said the government endeavoured to boost house ownership among the people under the My First Home Scheme and 1Malaysia People's Housing Scheme with houses priced at 20 percent below the current market price.

"In addition, the government had allocated RM200 million for a first house deposit financing scheme to help qualified first time purchasers of low cost, medium and affordable houses under the 2016 Budget," he said. - Bernama