

Summary of Budget 2016 in relation to the Property Industry

Themed 'Prospering the Rakyat', this first Budget under the 11th Malaysia Plan proves to be a people friendly budget through the various incentives provided. The Budget 2016 which was announced on 23 October 2015 outlined five (5) priorities, namely:

First Priority:	Strengthening Economic Resilience;
Second Priority:	Increasing Productivity, Innovation and Green Technology;
Third Priority:	Empowering Human Capital;
Fourth Priority:	Advancing Bumiputera Agenda; and
Fifth Priority:	Easing the Cost of Living of the Rakyat

For members' benefit, REHDA has summarised the proposed measures relating to the housing and property industry which are published below:

1 HOME OWNERSHIP/AFFORDABLE HOUSING

- The implementation of affordable housing requires the involvement of several agencies.
- The 2016 Budget will continue with various home ownership programmes for all levels of income as follows:
 - Programme 1 :: PR1MA to build 175,000 houses which will be sold at 20% below market prices.
:: A total of 10,000 units are expected to be completed next year.
 - Programme 2 :: SPNB will build 10,000 units of *Rumah Mesra Rakyat* with a subsidy of RM20,000 for each house through an allocation of RM200 million.
 - Programme 3 :: Build 100,000 houses, priced between RM90,000 to RM300,000 under *Perumahan Penjawat Awam 1Malaysia* (PPA1M) by 2018.
:: A Facilitation Fund of up to 25% of development cost is provided.
 - Programme 4 :: Build 22,300 units of apartments and 9,800 units of terraced houses under the People's Housing Programme (PPR) with an allocation of RM863 million to KPKT.
 - Programme 5 :: Establish a First Home Deposit Financing Scheme under KPKT to assist first time house buyers of affordable housing to pay the deposit with an allocation of RM200 million.

- Programme 6 :: Build 5,000 units of PR1MA and PPA1M houses in 10 locations in the vicinity of LRT and monorail stations, including in Pandan Jaya, Sentul and Titiwangsa.
- Programme 7 :: Allocate RM60 million to the Department of Orang Asli particularly for building houses for the community.
- Programme 8 :: Build houses for the second generation of settlers comprising 20,000 units by FELDA, 2,000 units by FELCRA and 2,000 units by RISDA.
:: For houses build by FELDA, the maximum price is reduced from RM90,000 previously to RM70,000.
- Programme 9 :: GLCs to build affordable houses in the vicinity of the MRT station in Bandar Kwasa Damansara.
:: KWASA Land owned by EPF and Sime Darby will build 800 units and 4,600 units respectively.
- Programme 10 :: Allocate RM40 million to KPKT for reviving abandoned low and medium cost private housing projects.
:: Exemption on stamp duty is given on financing instruments to contractors who revive such projects as well as the original purchaser of the abandoned house.

2 INDUSTRIALISED BUILDING SYSTEM (IBS)

- To enhance the use of technology in the construction sector, the Government will promote the use of Industrialised Building System (IBS).
- To encourage more companies to adopt IBS technology, an IBS Promotion Fund of RM500 million will be established through the SME Bank to provide soft loans to developers and contractors in category G5 and below.

3 MAINTENANCE FUNDS

- RM155 million allocation for maintenance of public low-cost housing and 1Malaysia Maintenance Fund by KPKT.
- Among others, the Fund provides 100% financing for the repair of lifts, railings as well as rewiring.