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An expert says developers are discouraged to build affordable homes, as they are paying high construction cost

by FARA AISYAH

MORE incentives from the government are needed to encourage developers to move into the affordable housing market and spur the growth of the overall property business.

Exastrata Solutions Sdn Bhd chief real estate consultant Adzman Shah Mohd Ariffin said the stimulus that may motivate developers include a solution to control building cost, which could create a balance in the overall construction of affordable homes.

He said developers are discouraged to build affordable homes, as they are paying high construction cost.

"The federal government should set up a building research centre to come up with lower construction cost solutions.

"The government should also encourage developers to use lower construction cost methods. For example, developers could use an industrialised building system," Adzman said.

The increase in material costs,



Pic by Muhd Amin Noharul

Johari acknowledges that there are certain ongoing complications when it comes to affordable housing

expensive labour, as well as various development and building policies are currently making it "unaffordable" for developers to build cheaper homes.

As such, government intervention is needed as developers do not have that much choice but to pass on the extra costs to the homebuyers.

Adzman added that the government also needs to look into ways of controlling land price, as it makes up a major cost in development projects.

Laurelcap Sdn Bhd valuer Kit Au Yong concurred and said the high building cost that

developers are paying has been hindering them from providing real affordable houses.

Apart from construction cost, developers also have to bear with other ancillary costs such as the contribution to authorities, as well as infrastructure.

"There is also the issue of land cost, although Malaysia does not experience land shortage. Some landowners would rather wait for the right price and to sell their property at the right time, and this is not helping the short supply of affordable houses," he said.

Kit said land cost in the city is naturally much higher, that developers cannot afford to develop affordable housing schemes there.

While the authorities' effort in churning out many schemes is lauded, he said proper execution is still crucial to avoid leakages of ownership given to high-income groups or tenanted for gains.

"I hate to say this, but our neighbour down south has a very good affordable housing policy combined with serious execution. Without execution, it will not be successful," Kit added.

Meanwhile, Second Finance Minister Datuk Seri Johari Abdul Ghani recently said the government is indeed looking at setting up a single entity to manage affordable housing issues in the country.

Johari acknowledged that there are certain ongoing complications when it comes to affordable housing, which are brought on by property developers themselves.

"The problem is that there is no single body to overlook the property sector in Malaysia and that is why we have the definition of what is 'affordable' differing significantly from one property developer to another," he recently said at the Invest Malaysia 2017 in Kuala Lumpur.