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| Headline | Regulator may be needed to solve affordable housing woes | |
| MediaTitle | The Malaysian Reserve | |
| Date | 26 Jul 2017 | |
| Section | Corporate Malaysia | |
| Page No | 2 | |
| Language | English | |
| Journalist | by ALIFAH ZAINUDDIN & NGMINSHEN | |
| Frequency | Daily | |



Regulator may be needed to solve affordable housing woes

by ALIFAH ZAINUDDIN & NG MINSHEN

A REGULATORY body may be needed to rectify matters within the nation's property sector, particularly to resolve the non-standard pricing issues among affordable housing projects.

Second Finance Minister Datuk Seri Johari Abdul Ghani said the definition of affordable housing differs from one project to another, a problem which could be mitigated with the formation of a single authority to supervise the sector.

"This is something the government may look into in the near future to see how we can consolidate prices.

"If there are agencies that can get together and work things out, it may not be necessary to have a regulator. But it is necessary to look at this issue," he told reporters on the sidelines of Invest Malaysia Kuala Lumpur 2017 in Kuala Lumpur yesterday.

Johari said with so many parties involved in affordable housing, some private sector developers may quote RM500,000 as an affordable

price, while the Malaysia People's Housing Programme (PRIMA) and the Congress of Unions of Employees in the Public and Civil Services could suggest RM300,000 and RM350,000 respectively.

Meanwhile, other bodies such as the People's Housing Programme and the Federal Land Development Authority as well as several private developers are also venturing into the affordable housing segment.

"We need to look at this seriously and come up with the real meaning of affordable. Otherwise, we will keep tal-

king about it and people will not be able to get the houses that are affordable for them.

Today, PRIMA houses are priced at RM300,000 to cater to people working in the city. However, based on Bank Negara Malaysia's (BNM) data, the majority of applicants cannot secure loans because they can only afford a RM200,000 loan," Johari said.

BNM in a recent statement said its engagements with banking institutions indicate that housing loans rejected by lenders mostly involved borrowers with high levels of

pre-existing debt obligations that would expose them to severe financial risks if further debt is extended.

As per data from the National Property Information Centre, less than 30% of new housing launches during the 2015 to 2016 period were for houses priced at less than RM250,000, versus 70% during the 2008 to 2009 period.

On the other hand, the high-end housing segment is seeing an oversupply of units, an issue Johari deemed "an unproductive investment of our money in our economy".