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CORPORATE

Rehda hopes Budget 2018 to address end-financing issue: The Real Estate and Housing Developers' Association Malaysia (Rehda) hopes Budget 2018 will address the end-financing issue with flexible schemes for first-time buyers.



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Rehda hopes Budget 2018 to address end-financing issue

The association hopes the govt can provide more incentives for the affordable home segment priced below RM500,000

by IZZAT RATNA

THE Real Estate and Housing Developers' Association Malaysia (Rehda) hopes the upcoming Budget 2018 will address the end-financing issue by introducing more flexible schemes for first-time buyers.

President Datuk Seri Fateh Iskandar Mohamed Mansor said the association hopes the government can provide more incentives for the affordable home segment priced below RM500,000 in terms of cheaper interest rates, longer loan tenure, or even two generation loan schemes.

"House buyers now are constantly facing difficulties to come up with the 10% upfront payment. If the loan margins given by banks were lower than 90%, for example 75% or 80%, this would further



Fateh Iskandar says more rental houses that incorporate rent-to-own schemes are needed in the market

dampen the buyers' eligibility for home purchases," he told reporters at the PropertyGuru Malaysia Real Estate Summit 2017 in Kuala Lumpur yesterday.

In addition, Fateh Iskandar said more rental houses that incorporate rent-to-own schemes are needed in the market for those who are still facing challenges in obtaining end-financing.

"This is something that the federal government has done

under several housing schemes such as the People's Housing Programme, as well as Rumah Transit 1Malaysia and many more to assist the public's housing eligibility.

"We hope state governments could also reinforce and implement similar housing schemes in areas that lack affordable housing supplies," he added.

Rehda also wants state governments to stop mandating private developers to continue building more low-cost houses

priced below RM50,000.

Fateh Iskandar explained that developers are already burdened with lower profit and revenue margins, coupled with a shortage of foreign workers and rising construction cost.

Fateh Iskandar also said industry players are calling on the government to relook at the mechanism for the levy imposed on construction materials — introduced in February earlier this year — as developers are facing difficulties to

absorb the additional cost and are now forced to pass it to consumers.

"Industry players were so used to pay only RM1,700 per tonne for the small-scale steel, but today we are paying RM2,700 for the same quantum, representing a 35% increase.

"Developers are unable to bring the development cost down in view of this, which in turn restricts them from reducing the absolute selling price of newly launched units," he said.

Commenting on the affordable housing issue, Fateh Iskandar said Rehda is currently in talks with the Urban Wellbeing and Housing and Local Government Ministry and the Finance Ministry to come up with a solution to address the mismatch of supply and demand of houses within this bracket.

"Once we are able to solve some of the issues, whether it's end-financing, supply and demand, and other factors impacting the real estate market — I am sure that is the most efficient way to assist and build more affordable homes to cater to the market's demand," he said.