

Six agencies identified to set up affordable housing entity

The unit is expected to materialise by end-2018

BY SHAWN NG
of EdgeProp.my

KUALA LUMPUR: The housing and local government ministry has identified six agencies that will be involved in the establishment of a single entity — a move mooted by the central bank — to oversee and coordinate affordable housing development in the country, said the ministry's national housing department director-general Jayaseelan Navaratnam.

"At this moment, we have identified six agencies — the 1Malaysia People's Housing Scheme (PRIMA), UDA Holdings Bhd, Syarikat Perumahan Negara Bhd (SPNB), the Federal Territories Affordable Housing (Rumawip), the Housing Programme for the Hardcore Poor (PPRT) and the 1Malaysia Civil Servants Housing (PPA1M). These are the ones that we are taking on board first," he said at the Affordable Housing Conference 2018 held here yesterday.

He added that the ministry is also working with banks, Bank Negara Malaysia (BNM), the National Property Information Centre (Napic) and the Real Estate Housing Developers Association (Rehda) to find the best way to establish the single entity.

"We are working to sort it out by this August and then we will do due diligence and hope [the entity] can come into execution somewhere around the end of this year," he said.

"We would like to execute immediately but it involves many agencies and companies. So we need time to study the whole structure of each individual company or organisation that is coming into the system. After that, we will look into it — whether we want to merge them or segmentise them into a certain type of development," he added.

He noted that while there will be no retrenchment for permanent civil servants in the process, redeployment will definitely take place.

"If there is overlapping, then we will do redeployment. We never have the thought of cutting staff," he

said, adding that the ministry will also review the contracts of temporary staff to determine whether to continue their employment.

Jayaseelan said the ministry is also studying the affordable housing price thresholds based on a regional mechanism.

"We are suggesting RM300,000 as the threshold, while Rehda is suggesting RM500,000. But let us work and see which one is the most suitable one. We are looking at a mechanism [based on] region instead of state," he added.

Nevertheless, he said, private developers share the responsibility of providing affordable housing together with the government, hence both sides should work together.

"It is the government's responsibility to provide social housing but private developers have to share some of the responsibility because CSR (corporate social responsibility) must come into play. Let us talk to Rehda and see how we work out the CSR part — maybe they allocate the land or build at cost price."

According to the ministry, there are five challenges hindering affordable housing development in Malaysia, namely high land price and scarcity of land; high compliance cost and contribution cost; increased construction cost; access to financing by homebuyers; and the mismatch between housing demand and supply.

BNM in its 2016 Annual Report had highlighted the need for a central repository, to be managed and monitored by a single authority mandated to oversee the country's affordable housing needs.

It noted that countries, that have made significant progress in addressing the issue of affordable housing, have integrated databases

capturing the demand and supply of housing that are useful in helping in the provision of affordable housing by the public and private sectors.

BNM reiterated this point in the 2017 fourth quarter bulletin, saying affordable housing provision is currently fragmented and uncoordinated nationwide with over 20 national and state-level agencies involved in this effort.

"This institutional factor has led to policy coordination being an issue, resulting in slow progress towards achieving the government's target of providing one million affordable homes by 2018. Between 2013 and October 2017, only 255,341 homes have been completed by the various public and private sector players," it noted.

Under the Barisan Nasional administration, former second finance minister Datuk Seri Johari Abdul Ghani had also, on many occasions, suggested the setting up of a single entity to resolve the affordable housing challenge.

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