

# Housing policy 2.0 likely in September

Focus on reducing house prices by lowering compliance costs

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**KUALA LUMPUR:** The new national housing policy 2.0 expected to be announced in September will focus on reducing house prices by lowering the compliance costs.

This is currently being considered for the public housing segment, which will be a subset of the broader national housing policy. National Housing Department director-general N. Jayaselan told reporters at the Affordable Housing Conference 2018.

The compliance costs include various charges developers pay local authorities and encompass land conversion fees, and contributions for utilities like electricity, water and Indah Water.

"These charges drive up house prices," said Jayaselan.

Sime Darby Property Bhd township chief operating officer Datuk Wan Hashimi Albakri said the company's compliance costs currently accounted for a quarter of its development cost.

"Our compliance costs account for 25% of our development cost. In the early days, it was only 10%," he had said following a signing ceremony with the United Nations Children's Fund on Monday.

Wan Hashimi is hopeful that the compliance costs would be reduced once the sales and service tax (SST) is reintroduced on Sept 1, but emphasised that it was still too early to say how the SST would impact the company's business.

He cautioned, however, that if the compliance costs do go up post-SST implementation, then the company would have no choice but to pass on the increase to its customers.

Knight Frank Malaysia managing director Sarkunan Subramaniam lauded the move to lower the compliance costs, which would, in turn, help reduce the price of homes.

He said the compliance costs could be reduced if the various housing-related processes are shortened.

"Compliance costs... a lot of it has to do with timing. Sometimes, it just takes too long to get approvals before something can be done. If the timing is shortened and if the red tape can be cut, it would help to reduce the cost and make homes more affordable.

"What you need is a one-stop centre that can streamline the various processes."

So, at least for affordable housing, the plan is to reduce these charges, he said. This means local

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## Ministry working with developers to set threshold

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state authorities will have to play a larger role in the supply of affordable housing.

Under this public housing segment, the ministry is working with private developers to establish an affordable housing threshold for private developers and public agencies.

The private sector wants it set at RM500,000, while the government wants it at the RM300,000 level. While the pricing threshold has yet to be agreed on by both parties, they have agreed about dividing the country into different regions in order to establish clarity in pricing.

The policy also calls for a systematic and integrated database to be set up by January 2019 between the National Housing Department and the National Information Property Centre or Naptic.

"We are drafting a single form to be filed by developers instead of different forms as in the current practice. We are integrating the two systems," he said.

Because land is an issue, the government is looking at using "wakaf" land for public housing. The state and federal governments have "substantial amount of wakaf land" which can be converted for orphanages, schools and other "benevolent" uses.

"Land is a major component in property transactions and if you can make it cheaper and more accessible to homebuyers, it would go a long way towards alleviating affordable housing issues.

"Yes, it's true that the state government needs to make money, but the land is being disposed of at high prices."

One way to address the land-scarcity problem is to allocate a portion of mega-development projects for affordable housing, said Sarkunan.

"The Rubber Research Institute land in Sungai Buloh, for instance... a portion of it could be earmarked for affordable homes. The same can be suggested for Bandar Malaysia. Why can't, say, 40%, be designated for such projects?"

The other focus is to lower lending rates. This is being worked out with Bank Negara.

Jayaseelan debunked the myth that this may lead to a subprime issue as experienced in the United States in 2008.

Therefore, the establishment of a single comprehensive coordinating body looking into these issues would help to maximise land use.

"We are going to put everything together and this will be done in phases. We are working on the phases.

"This would help towards enhancing efficiency in public and private housing. We want a systematic financial allocation for the public housing programme," he said.

For a start is the inclusion of six agencies under the housing ministry, namely, PR1MA, PPA1M or Perumahan Penjawat Awam Malaysia, Rumah WIP, 1Malaysia Public Housing, UDA and Syarikat Perumahan Negara Bhd.

Jayaseelan said there would be no staff cuts but a redeployment.

Sarkunan added that the relevant authorities need to "think out of the box" a little to be able to make homes more affordable.

"A lot of Malaysian homebuyers... when they buy a new house from a developer, they immediately tear it down and conduct all kinds of renovations to suit their personal preferences. This is really unnecessary.

"Why can't developers offer shell homes at a lower cost and let the buyer do what they want with it? In China or Thailand, this is actually possible."