

For housing aid, right policy still guessing game for policymakers, report suggests

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A general view of residential apartments at a People's Housing Project (PPR) in Bangsar November 1, 2018. — Picture by Shafwan Zaidon

KUALA LUMPUR, April 26 — Policymakers have yet to conduct specific assessment to identify and estimate demand for social housing, leaving them with scarce data to formulate the right intervention policy, said a new study.

Khazanah Research Institute (KRI) in its latest report on the state of housing today said estimates of core housing needs are based on the number of applications for PPR or PAKR homes, and it is unclear if other components of need besides the qualifying income criteria are factored in.

PPR are public flats built and run by federal agencies. PAKR refers to public low-cost housing.

“While the country has an established assessment method to estimate total housing requirements, no specific assessment has been undertaken to identify incidences of core housing need within the population,” the report said.

Core housing need refers to housing required by those who cannot access homes through the housing market without full or partial government aid.

Currently, income appears to be the sole qualifying criteria determining approval for federal or state assistance.

KRI said this can be problematic as it blurs the distribution line to give equal assistance not only to the genuinely needy, but also to the middle class.

Using income to measure eligibility, the think tank found the number of those who qualify for state affordable housing programmes was staggeringly high in nearly all the states.

Labuan and Penang, for example, had a 89 per cent eligibility rate while Kuala Lumpur was 79 per cent.

Some of the government's affordable housing programme like PR1MA are open to those who earn RM5,000 and below.

KRI said there had been cases where top income earners had received state assistance to buy PR1MA homes.

"Are these households experiencing unmet housing needs (and therefore government intervention is justifiable) or is this a case of the private housing sector building homes only for the effective demand of the top 10 per cent," the report said.

To rectify this, KRI said states need to evaluate households that qualify for their housing programme based on local conditions, and that they take into account home affordability in the states when giving assistance.

It is unclear, however, if qualification for aid is tied up to the state population income level.

But assuming a healthy market could provide half the housing needs of those earning the state median income, more resources can be spent on housing the remaining 60 per cent, the report suggested.

KRI said it is also crucial for the government to identify its own role in housing so its limited resources are well-managed and channelled only towards communities that need them the most.

The think tank had urged the federal and state governments to refine its social housing policy and improve efficiency, while rectifying market defects so it could provide affordable homes for the middle class.