

Exco: Penang to build 110,000 affordable housing units by 2025

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GEORGE TOWN, July 2 — State housing, local government, town and country planning committee exco Jagdeep Singh Deo today said that Penang will have 110,000 affordable housing units by 2025.

He said a total of 30,000 units of affordable housing have been built since 2008.

Jagdeep said about 25,000 units are now in various stages of construction while the state has approved a further 55,000 units to be built in the state.

“We surpassed our target of 76,000 units of affordable housing which included low cost and low medium cost units,” he said in a press conference in his office today.

Jagdeep said there are still many in the low-income group who could not afford to purchase low-cost housing units or unable to get loan approvals.

A solution to this was the state’s rent-to-own schemes in which eligible applicants need only pay a monthly rental of RM100 to RM150 for a tenure of between 15 and 25 years to own the unit.

He said the state’s two pilot rent-to-own schemes in Taman Seruling Emas and Sungai Duri Permai, both in Jawi, were snapped up fast.

“So we plan to offer more rent-to-own schemes and we now have 2,000 units on hand for this.

“At least 1,000 families who can’t get loans will be able to get these units and own it in the long term,” he said.

The 2,000 units, located on five districts in the state, were contributed to the state government by developers from the sale of affordable units that were sold to the open market.

The Penang state government allowed developers to open up 30 per cent of its affordable housing units to the open market two years ago.

This allowed the developers to sell those units, normally reserved for first time home buyers within a certain income bracket, to the open market with fewer restrictions imposed.

“My condition to the developers in selling these units to the open market was to increase the sale prices by 10 per cent and this 10 per cent must be handed back to the state in kind, through units, instead of cash,” he said.

Recently, the state government allowed the developers to open up 40 per cent of its affordable housing unit to the open market.

Similarly, the units must be priced 10 per cent higher and the 10 per cent collected must be handed over in kind to the state.

“This means we will have more such units to be used in our rent-to-own schemes,” he said.

Jagdeep said even when sold to the open market, there are still conditions to fulfil such as it can only be sold to Malaysians and only 20 per cent for those from other states but working in Penang.

On the number of overhang properties in Penang, Jagdeep said the state has been able to manage it quite well.

“Our overhang units have dropped to below 3,000 and we want to continue to clear up these units by extending the waiver on approval fees for foreign purchasers of properties here,” he said.

He said FIABCI Penang has requested for the waiver to be extended until the end of the year and he will support this request by bringing it up to the next state exco meeting for approval.

The state had introduced a waiver on the three per cent approval fees imposed on foreigners who purchase properties in Penang between January and June this year.

Jagdeep said there were a total of 55 applications for the waiver which meant the state suffered a loss in approval fees of RM3.15 million.

“It doesn’t matter as we are doing this to stimulate the housing sector and to clear up overhang properties in the state,” he said.

In Penang, foreigners are only allowed to purchase properties above RM2 million (on the mainland) and RM3 million (on the island).