

No land, no affordable homes

Ministry will ensure land given by the states is conducive for development of affordable homes

BY AHMAD NAQIB IDRIS

KUALALUMPUR: State governments have been told to help shoulder the responsibility of making sure of sufficient affordable homes available in the country.

The housing and local government ministry has given the states until the end of the month to submit a list of potential lands that could be used for the development of affordable housing projects, considering land is one main component that could affect the development costs substantially, among others.

In an interview with *The Edge Financial Daily*, Housing and Local Government Minister Zuraida Kamaruddin acknowledged that the government is passing part of the responsibility of developing affordable units to the states as well, instead of relying solely on the federal government.

"The state governments are responsible for the citizens of their state, so if they don't give their land, we won't build houses for them. It's part of the states' responsibility to provide homes for the people and not just the federal government's," she said.

When asked whether the states would be committed to the land supply given tract sale is one income contributor to state coffers, Zuraida commented that the states would be facing "the people's brunt" if they do not comply with the requirement for state land, which forms a part of the upcoming National Housing Policy 2.0 pending cabinet approval.

"If the states do not supply us the land, we (the ministry) will not build affordable homes in the state. The people in the state would suffer," said Zuraida.

According to Zuraida, the state authorities are aware that high land cost is one hurdle that the federal government has to overcome to feed the lower-income group's unmet demand for affordable homes.

She revealed that the ministry received positive response from the states during its meetings with the executive committee of each state.

So far, three states, namely Perak, Negeri Sembilan and Penang, have already answered the ministry's call to supply land for affordable housing.

"We shall wait and see. We have given them a deadline — by the end of the month — because three states have already submitted their identified lands, namely Perak, Negeri Sembilan and Penang," said Zuraida.

Zuraida recently pointed out that only 27 out of the 127 existing affordable housing projects under the ministry are built on state-owned land.

Besides public housing projects, which will be under the National Affordable Housing Council, she said the lands could also be developed through public-private partnerships, which would be on an open tender basis.

Property development and education group Paramount Corp Bhd's chief executive officer Jeffrey Chew views the ministry's call for the states to contribute land positively.

"The proposal by the government to reduce land and associated compliance costs through the supply of land by state governments is an excellent way forward. It will also enable developers to build good quality affordable housing, which is more sustainable in terms of maintenance," said Chew.

However, he added that it is important for the government to collaborate with the private sector in developing the affordable units, especially in identifying suitable areas for such development, noting that developers have the experience and the commercial sense.

"Even if the houses are priced lower, there will be no buyers if they are located in areas with no infrastructure or connectivity, which was the issue with previous affordable housing projects," he said.

On the location, Zuraida gave assurance that the ministry will not accept land that is not conducive for affordable housing developments.

"We will not take those lands. I have already told them that the lands

must have infrastructure and public amenities. We will also have to look into the list of lands that has been submitted and categorise them.

"We will pick out the best ones and proceed to develop those first. We don't need to develop all the vacant lands," said the minister, whose main task is to resolve the mismatch of supply and demand of affordable homes.

Kenanga Investment head of equity research Sarah Lim lauds the ministry's "thoughtful" approach in forming the new housing policy.

There is comfort in the government acknowledging the compliance cost pressure faced by developers in terms of building affordable homes, said Lim, adding any cost saving will be passed on to buyers in terms of lower selling prices.

"Furthermore, reasonably' priced land is required to create affordable housing supply in urban locations as land cost is a major swing factor in development margins," she explained.