

Establish a national housing corporation on affordable housing

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KUALA LUMPUR, Oct 31 -- The Association of Valuers, Property Managers, Estate Agents and Property Consultants in the Private Sector Malaysia (PEPS) has recommended that the government establish a national housing corporation on affordable housing.

The corporation's job is to plan, coordinate and implement blueprint and proposal on affordable housing throughout the country.

PEPS past president James Wong said this is to reduce the cost of land and the construction bill in order to resolve the housing affordability issue, echoing Bank Negara Malaysia's (BNM) statement last week that houses in Malaysia are considered "seriously unaffordable" by international standards.

The unaffordability according to him was primarily due to the household income not keeping pace with the rising house prices over the years.

"PEPS is totally agreeable with BNM findings that house prices is beyond the affordability of an average Malaysian.

"When BNM reported that the mean multiple affordability (i.e. the ratio of house price to household's annual income) is 4.8 times in 2016, it is even higher in 2019, whose made homes even more unaffordable," he told Bernama.

BNM director of financial surveillance Qaiser Iskandar Anwarudin said the median multiple methodology developed by Demographia International and recommended by the World Bank, United Nations and Harvard University, has deemed a house as affordable if it was priced not more than three times of the annual household income.

Qaiser said affordability in Malaysia deteriorated with the median multiple affordability (the ratio of house price to households' annual income) rose to 4.8 times in 2016 from 3.9 times in 2012.

Meanwhile, Wong also said PEPS was hopeful that the federal government would liaise with the state government and government-linked corporations (GLCs) in releasing suitable land for affordable housing and identify suitable developers for joint venture development.

"The government should carry out research on demand and supply, income levels, household incomes, affordability and pricing issues for effective demand.

"It should also conduct market and feasibility study on developments before developing to ensure there is demand on that particular location," said Wong, who is also the managing director of VPC Alliance (Malaysia) Sdn Bhd.

Besides that, PEPS also hope that utility companies could find ways to reduce the compliance cost to developers, while at the same time, encourage developers to adopt Industrialised Building System (IBS) to reduce construction costs.

"On another matter, it is heartening to also note that up to August 2019, banks had disbursed RM113 billion in housing loans, benefiting 260,000 borrowers.

"It will be useful for BNM to also release figures on the number of applicants whose loan application were rejected and to offer suggestions on how the approval chances can be enhanced," PEPS added.