

Govt to study why top 20% need help to buy homes

The housing department will conduct a study to identify reasons why this T20 of the population needs govt assistance

by **ALIFAH ZAINUDDIN & NURHAZIQA A MALEK**

THE National Housing Department will investigate why even middle to high-income families find it hard to afford to buy homes in Malaysia.

Department DG Jayaseelan K Navaratnam said the department will conduct a study to identify reasons why even this relatively well-to-do segment of the population needs government assistance to own homes such as the 1Malaysia People's Housing affordable housing programme for urban areas.

"When we designed the affordable housing schemes, we did not consider high-income households.

"Recently, we found out that those in the group also struggled to buy houses. We will communicate with Bank Negara Malaysia to understand the real situation on this issue," Jayaseelan told reporters at a public forum organised by Khazanah Research Institute (KRI) in Kuala Lumpur yesterday.

Jayaseelan said the government is also looking to streamline all regulatory requirements for land development to ease the need of doing business for developers.

"It will take us about one and a half years to get this done."

KRI found that Malaysian households earning more than RM8,319 a month, defined as top 20% (T20) now also need government assistance in buying homes.

Its director of research Dr Suraya Ismail said it is unheard that high-income groups would need assistance in the form of special housing programmes from the government.

"In no other country does the high-income group get assistance from the government. This should not happen because fiscally it will be a burden if affordable housing is offered to all income groups in the country," Suraya said.

As a countermeasure, Suraya said the government should assist the private sector in creating affordable homes by alleviating development costs.

"There must be options for households to buy from the private sector. The issue is, it is not affordable. The government must help the private sector to bring the prices down so that the middle and high-income groups can afford to buy these houses," she said.

Speaking at the same forum, Real Estate and Housing Developers' Association president Datuk Seri Fateh

Iskandar said various factors currently make it almost impossible for private developers to offer affordable housing schemes on their own without assistance from the government.

He said, for example, state governments have differing charges and premiums on developers and prices have increased up to five times in some states over the last 15 years.

"Every single plan that you put into the local council, they charge you for it. We want to assist but the government must come in and they have to be realistic," he said, adding that 82% of Selangor's state revenue last year was generated from development charges on developers.

Fateh said developers are asked to meet other state government requirements such as providing community centres and as well as allocating land for road and drainage systems, utilities as well as infrastructure — leaving only 50% of their land size to actually build houses.

Apart from standardising regulations across all states, Fateh suggested the provision of incentives such as tax reliefs and nominal land conversion charges to ease the burden on developers.



PIC by Afif Abd Halim

(From left) Cambridge Centre for housing and planning research director Prof Michael Oxley, Jayaseelan, Suraya, Fateh and Eastern Regional Organisation for planning and human settlements secretary general Norliza Hashim at a public forum organised by KRI in Kuala Lumpur yesterday