

# Rehda hopes MyHome allocation increases in 2018 Budget

For those who do not own homes, five years ago, the price was RM400,000, but today it is RM500,000. So we are caught in this Catch-22 situation.

**Q: Is it possible for property prices to go down? If not, how should relevant parties play their part in meeting the demand for affordable housing?**

**A:** It is not good when property prices go down as it would point to a structural economic problem. In our case, the Federal Government, through the Urban Wellbeing, Housing and Local Government Ministry, Finance Ministry, as well as state governments, But so far, there is no implementation yet. Land is a state matter. The Federal Government wants to build affordable homes, but the state government charges a high premium, so after calculation, we find we cannot do it. We do admit there is a mismatch between demand and supply.

For developers, you have to understand that we are a business entity. Like any other business entity, we have to make money. You have to be fair because, at the end of the day, we have shareholders. We have to be fair to our staff. But, again, if everything is going up, how do you bring costs down? It is quite impossible.

If every time the state government wants to privatise a land, they will fully monetise it.

They want the best out of the deal. For instance, out of this piece of land, they use 40 per cent to build affordable homes. For that, we give you lesser premium and no development charges. With something like this, I think property prices can stabilise and will not go up fast.

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**Q: Can you elaborate on the demand and supply system?**

**A:** It must be stressed that when developers enter a project, we are told to provide between 30 and 40 per cent low- and medium-cost homes. But sometimes, the demand for such homes at certain locations is not there. In some places, there is demand, but in others, there isn't. With adequate supply, people can choose. For example, in Bukit Beruntung, they push us to build 30 per cent low-cost homes, but the demand is not there. But in Petaling Jaya, the demand is all

ways there, so why do we have to build low-cost homes in Bukit Beruntung and not Petaling Jaya? There are homes in Bukit Beruntung not being sold even at RM42,000 because there is no demand.

I acknowledge that there is a mismatch between demand and supply in (some) locations. We have this mindset where you have to build wherever there is land, which is not quite right. The government does not have to fully monetise every piece of land. But on prime land, such as those close to MRT (Mass Rapid Transit) and LRT (Light Rail Transit), they should build 40 to 50 per cent affordable housing because people who use public amenities need homes nearby.

If there are units not sold as a result of mismatch of supply and demand, there will be an economic problem. Developers have to borrow from banks, causing problems for many parties. Proper research is key before embarking on a development project.

**Q: What are some of the holistic and realistic solutions to the**

**problem of Malaysians not being able to afford homes in the city?**

**A:** As I said, there must be a holistic approach. Developers should give incentives like tax rebates to buyers. They should not charge a premium and should further lessen development and infrastructure charges. Banks should give lower interest rates to first-time buyers. This has been suggested by Rehda to the government. In addition to lower rates, give longer tenures as some buyers are young, between 25 and 30. Another solution is the two-generation loan. The buyer's father or mother can pay 30 per cent of the loan, for example, and the rest will be paid by the buyers. This has been done in other countries. Australia has been practising this for years.

Our talks with banks are going on, but at the end of the day, I think Bank Negara wants to be more flexible to first-time house buyers. They have been talking to us about two things. The first is household debt, where even though it has been decreasing, it is still quite high. It has gone

down from 87.9 per cent to 86.3 per cent. I think more emphasis should be given to property. Property debt is considered "good debt" as its commodity price increases in time, unlike "bad debt", like car or personal loans and credit cards. In addition to all this, we have to educate the public not to borrow beyond their means.

Rehda hopes that in the 2018 Budget, the allocation for MyHome will be increased. The last budget for this was RM300 million, translating to 10,000 people receiving RM30,000 grants. If the allocation is increased, more people will have the confidence to buy a house. If they buy a RM300,000 house, they already have the 10 per cent deposit.

(MyHome is a government scheme to encourage the private sector to build more affordable homes.)

**Q: Bank Negara's data shows that for the year's first quarter, loan approval rates were high. The same goes for first-time house buyers, where approval rates were high. What are your thoughts on the difference of interpretation here?**

**A:** Yes, rates are high. In 2016, the approval rate was 25 per cent, higher than the 20 per cent in 2015. But, what must be known is that the total number of people who applied in 2015 was 206,000,

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