

# Making Housing Affordable

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By Dato' Charon Mokhzani

**Cagamas Dialogue on “Sustainable  
Development of Affordable Housing”**

Date: 4 July 2017

Venue: Sasana Kijang, Bank Negara Malaysia

# UN's Sustainable Development Goals: Leaving No One Behind



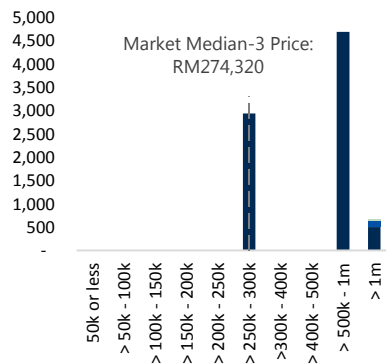
## Goal 11: Make cities inclusive, safe, resilient and sustainable

- Relevant target: By 2030, ensure access for all to **adequate, safe and affordable housing** and basic services and upgrade slums
- Relevant target: By 2030, enhance inclusive and sustainable urbanization and capacity for participatory, integrated and sustainable human settlement planning and management in all countries
- Relevant target: Support positive economic, social and environmental links between urban, peri-urban and rural areas by strengthening national and regional development planning

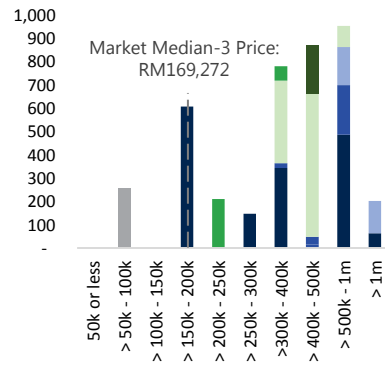
# Unaffordable States

## 'Severely unaffordable' market, 2014 (>5.1)

KUALA LUMPUR (5.4x)

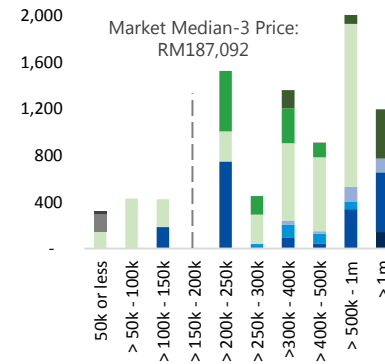


PULAU PINANG (5.2x)



## 'Seriously unaffordable' market, 2014 (4.1-5.0)

JOHOR (4.2x)

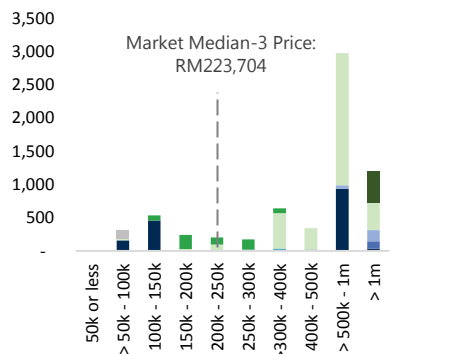


### Type of house

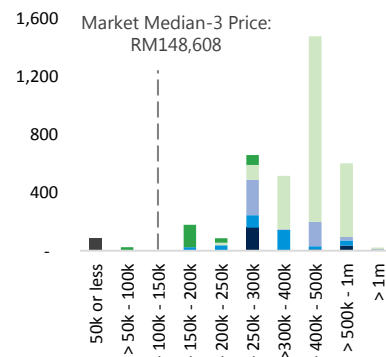
- Detached
- Single storey semi-detached
- 2-3 Storey semi-detached
- Condominium/apartment
- Cluster
- Town-house
- Single storey terrace
- 2-3 Storey terrace
- Low-cost house
- Low-cost flat
- Flat

## 'Moderately unaffordable' markets, 2014 (3.1-4.0)

SELANGOR (4.0x)

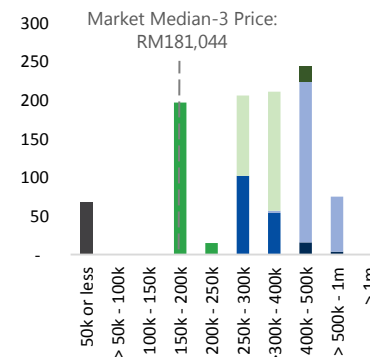


NEGERI SEMBILAN (3.8x)



## 'Affordable' market, 2014 (<3.0)

MELAKA (3.0x)

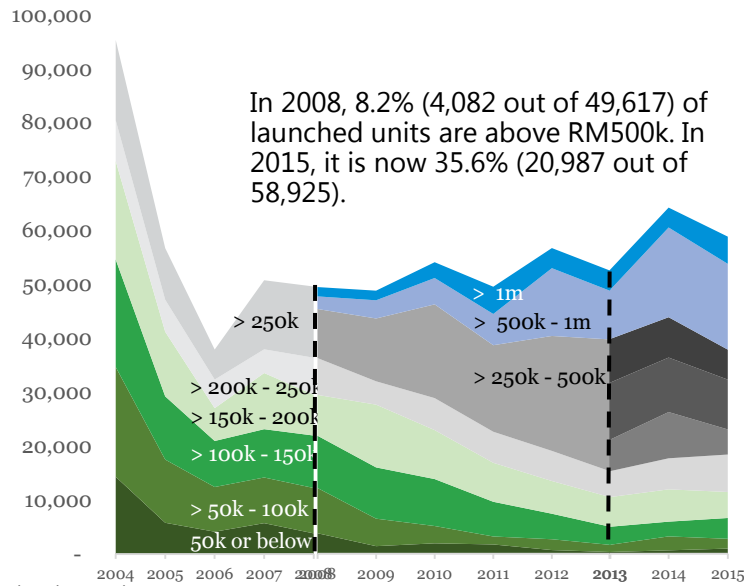


# Low Down-Market Penetration

**Down-market penetration ratios, 2014 (ratio of the price of the lowest-priced house produced and the annual median household income)**

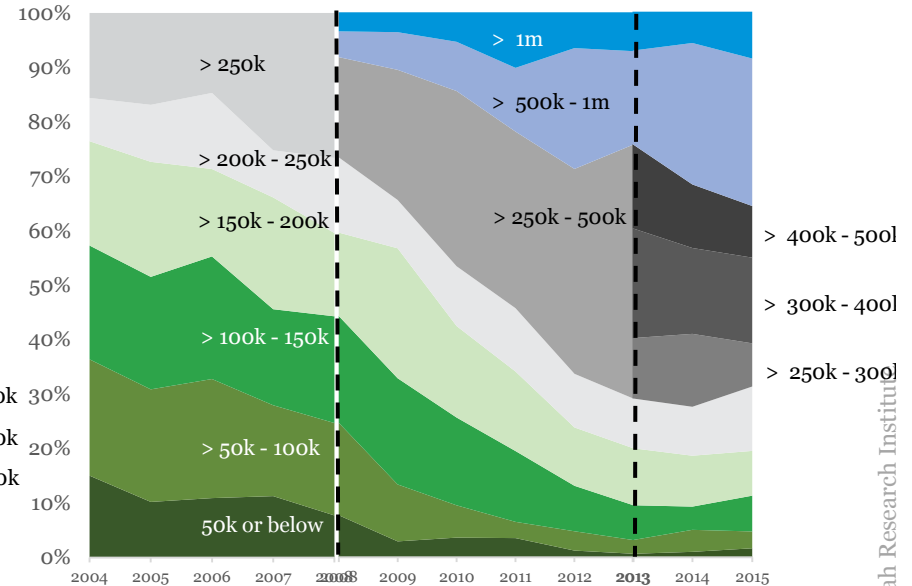
Area	Down-market penetration range
Kuala Lumpur	2.7 - 3.2
Pulau Pinang	0.9 - 1.8
Johor	< 0.8
Selangor	0.7 - 1.3
Negeri Sembilan	< 1.0
Melaka	< 0.8

**Launched residential units by price range, 2004 - 2015**



k = thousand  
m = million

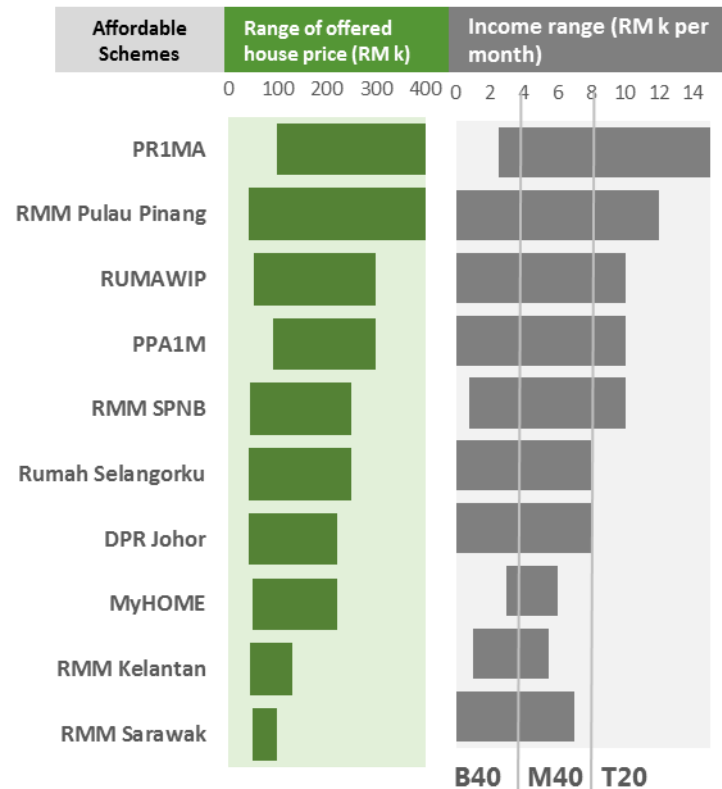
- The type of properties included are: Single storey terrace, 2-3 storey terrace, Single storey semi-detached, Detached, Town-house, Cluster, Low-cost flat, Low-cost house, Flat, and Condominium.
- NAPIC uses different house price ranges from 2004 to 2007, 2008 to 2012 and 2013 to 2014, therefore the charts are divided according to the respective range.



# Some Affordable Home Schemes

Policies	Notes
Malaysia My First Home Scheme	Intended to enable young adults earning RM5,000 per month or less to obtain 100% financing from banks to purchase their first home.
Private Affordable Ownership Housing Scheme (MyHome)	Provides a subsidy of up to RM30,000 per low-cost house for qualified first-time home-buyers.
Rumah Mampu Milik Wilayah Persekutuan (RUMAWIP)	Provides affordable housing (low-cost RM52K-63K, low medium-cost RM63,001-150K and medium-cost RM150K-300K) to households earning below RM10K (single) and RM15K (married) in the Federal Territories of KL, Labuan and Putrajaya.

Public affordable housing schemes in Malaysia



Note: The income threshold for the households are as follows: Bottom 40% (B40) below RM3,860, Middle 40% (M40) RM 3,860-RM8,319, Top 20% (T20) RM 8,320 and above.

# Projek Perumahan Rakyat or PPR

Program	Total (Project)		Completed Project		Project Under Construction		Project Under Planning	
	Project	Unit	Project	Unit	Project	Unit	Project	Unit
PPR Rental	88	75805	82	72479	6	3326	-	-
PPR Ownership	81	27146	31	7773	21	10742	29	8631
Total	169	102951	113	80252	27	14068	29	8631

Source: Buku Perangkaan KPKT 2015

	Target Group	Rental/Financing	Eligibility Criteria
PPR Bersepadu (MTEN)	Squatters in KL and other major cities	RM124 rental	Malaysian Citizen
PPR Disewa Dasar Baru	Squatters and low-income households	RM124 rental	Age 18 years and above
PPR Dimiliki Dasar Baru	Squatters and low-income households (including squatters with household income below RM2500)	Full financing from the Federal Government. State governments responsible for providing suitable and strategic land. House price RM30,000-35,000 in Peninsular Malaysia and RM42,000 in Sabah/Sarawak.	Monthly household income < RM2,500 Applicants do not own a house Other additional conditions set by the state

# Case Study from 8990 Holdings



**The DECA Home Resort Residences developed by 8990 Holdings in Mintal, Davao City, Philippines. Two bedroom houses start at PHP715,000 (approx. RM57,200 at market exchange rate). The Company is capable of constructing townhouses and single attached units within eight to ten days, taking an additional five days to construct single-storey houses with lofts.**

All sources for the charts and tables can be found in the "Making Housing Affordable" book

# MHA Policy Recommendations

- Improve delivery system so as to supply housing at affordable prices.
- Reduce pressures leading to rapid house price escalation.
- Make plans to provide for a steady supply of housing at affordable prices



# Thinking about housing policy

**Private**

**Public**

**Market**

**State/  
Federal**

**Shelter**

**Asset**

**Habitat**

**Social  
Engineering**

**Delivery System**