

BNM: Pursuing home ownership should not cause financial difficulty

KUALA LUMPUR: Malaysia is committed to providing adequate housing as well as ensuring affordability, habitability and accessibility, said Bank Negara Malaysia (BNM) deputy governor Abdul Rasheed Ghaffour.

In his opening remarks at a Cagamas-World Bank Group conference on affordable housing here yesterday, he said it was of utmost importance that BNM consider the principles of sound and prudent financial management in this undertaking.

“We cannot, in good conscience, overburden and cause anyone to enter into financial difficulty in pursuit of owning a home. This fundamentally goes against the intention of owning a house.

“Therefore, based on the principles of fairness, justice and prudence, it is necessary for us to be absolutely clear on what ‘affordable’ means,” he said.

Abdul Rasheed added that affordability was a function of two things: the income of the individual and the price of the house.

“It is crucial that the percentage of income spent to service the mortgage does not go beyond the person’s financial capacity, and that they are able to pay for other obligations on top of this commitment,” he said.

He also said that developers, who were the core players in the housing market, had a significant role to play in providing the supply of homes for the public at an affordable price point.

“Using international affordability metrics, houses in Malaysia are considered to be seriously unaffordable with a median multiple of five times. This, in turn, affects home ownership,” he said.

Citing the latest data, Abdul Rasheed said of unsold residential properties of about 171,000 units, about 74 per cent of them were priced beyond what ordinary Malaysians could afford.

“Tackling the issue of affordable housing requires us to be creative, proactive and holistic in our solutions. This will require collaboration and commitment from all parties involved - - policymakers, the private sector, developers and the public at large,” he said. -
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