

## Signing Ceremony Memorandum of Understanding between

**Cagamas**  
General Affiliates Corporation  
Malaysia



**HF** KOREA HOUSING  
FINANCE CO



Zuraida with Abdul Rasheed (third from left) and Chung (fourth from left) at the signing ceremony of the MoU between Cagamas and Korea Housing Finance Corporation to promote homeownership in Malaysia and South Korea

# Ministry to get foreign investors to fund affordable housing

BY RACHEAL LEE  
city.country@bizedge.com

**T**he Ministry of Housing and Local Government is looking to bring in foreign investors to facilitate homeownership among lower-income households (B40) under the National Affordable Housing Policy.

At a press conference last Tuesday, minister Zuraida Kamaruddin said the ministry is planning to woo investors from China, South Korea and the Middle East to finance affordable housing programmes.

She said funds would only come in around 2021 as the first project under the policy would take about three years to complete.

She added that national mortgage corporation Cagamas Bhd could act as a conduit for investors by doing the administrative work and distributing the funds.

"Hopefully, we, together with the prime minister, will be able to attend a Belt Road Initiative forum in China at the end of the month. Probably, we can secure three to four agencies," she said.

"We also have the rent-to-own (RTO) scheme ... we find that it is not sustainable to keep subsidising affordable housing, so the RTO is a good scheme for people who want to own a house after renting for five years."

Earlier, in her keynote address at the "Constructing & Financing Affordable Housing Across Asia" conference, Zuraida said the Na-

tional Affordable Housing Policy has specified that the built-ups of the units should not be less than 900 sq ft to ensure quality living.

The ministry is targeting to build one million affordable homes in 10 years, which translates into 100,000 homes annually from this year. Zuraida said the ministry would develop 60% of the units.

Other measures to make homes affordable include the allocation of land by state governments for such projects and the exemption of compliance cost for developers undertaking the projects.

Zuraida said Cagamas is working on a shared equity homeownership programme, whereby it will provide a 20% deposit on behalf of the buyer. The remaining 80% will be provided by a bank. Another financing plan is that Cagamas will guarantee up to 100% of the house's price.

Bank Negara Malaysia deputy governor Abdul Rasheed Ghafour, in his speech, noted that using international affordability metrics to assess housing in Malaysia found that homes are "seriously unaffordable" with a median multiple of five times.

"This, in turn, affects homeownership. Take the latest data of unsold residential properties of about 171,000 units. About 74% of them are priced beyond what ordinary Malaysians can afford. About 39% of them are priced above RM500,000," he said.

Both Zuraida and Abdul Rash-

eed also stressed on the importance of having an integrated housing database or a big data system to provide a clearer indication of the locations, designs, pricing and types of homes desired.

Zuraida said the system would be able to solve the overhang problem. It would also be able to determine the prices of homes based on the average income of people in a particular area.

Abdul Rasheed said the system could furnish timely information to help build an efficient housing market through greater transparency. It could also lead to better planning by policymakers and property developers.

"The newly established authority for affordable housing should play a proactive role in managing the schemes in the country. Local authorities and developers should also work together to reduce the costs of building houses."

Cagamas president and CEO Datuk Chung Chee Leong said the corporation is studying British and Australian models of the shared equity programme for housing.

"We want to find out how the models can be replicated to suit local requirements. At the same time, we have to ensure that the product generates returns for the investors. We hope a blueprint can be drawn up by year end," he added.

The two-day conference was organised by Cagamas and the World Bank Group.