

Holistic approach to housing



Working together: Nik Mohd Hasyudeen says a central repository is needed to monitor and manage the demand and supply of affordable housing.

Cagamas says joint efforts by state and federal governments can resolve issues

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KUALA LUMPUR: The calls from different organisations for concrete and coordinated solutions to tackle the affordable housing issue may have finally hit home.

Cagamas Bhd, the national mortgage corporation, has proposed the setting up of a central repository to monitor and manage the demand and supply of affordable housing.

It also felt that the cost of supplying affordable homes should be reviewed and streamlined through a coordinated approach involving the various state and federal government agencies and the relevant private sector bodies.

Cagamas Holdings Bhd chairman Nik Mohd Hasyudeen Yusoff said the responsibility to increase the number of affordable houses, lowering building costs as well as enhancing policies and regulatory framework rest with various stakeholders.

They include regulators, ministries, government agencies, government-linked companies, corporates as well as developers.

"Only they can trigger the much needed changes in the industry," said Nik Mohd Hasyudeen, in what is seen as Cagamas' strongest posturing to address the issue of a mismatch in the supply and demand for affordable housing in the country.

Nik Mohd Hasyudeen said the issue of housing has become "one of the major challenges faced by the Government", particularly the provision of affordable houses in view

of escalating prices although the demand for housing remained "strong".

Cagamas came up with the recommendations after a recent dialogue with the various industry players including representatives from the World Bank, Khazanah Research Institute, National Housing Department and National House Buyers Association.

An executive summary, issued last Thursday, said the central authority should be empowered to "lead, oversee and coordinate affordable housing initiatives for the nation."

Cagamas said this would promote greater "operational cohesion" and "build stronger collaborations" at the national level.

A taskforce, membered by the Urban Wellbeing, Housing and Local Government Ministry, city councils and state investment agencies to address the issue of unsold units, was also proposed.

As land is a state matter, various agencies and local authorities have their own affordable housing agenda.

Set up in 1986, Cagamas is tasked to promote house ownership. It issues corporate bonds and sukuk to finance the purchase of housing loans from financial institutions, selected corporations and the public sector.

Other recommendations included giving incentives to private sector developers, alienating land at a lower cost for this housing segment, speedy approvals, utilities companies to bear the cost of infrastructure for the

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“last mile” and tax breaks for developers.

The issue of building more affordable homes sustainably has hogged the headlines in recent times.

Developers have been complaining about the rising cost of complying with various demands imposed by the local authorities, agencies and utility companies in terms of land conversion costs and the provision of infrastructure.

In the past, utilities were government-owned and developers bore the cost of laying out the infrastructure. Such costs are then passed on to the buyers in the form of higher prices because private developers are profit-making entities.

Developers are calling for utility companies to shoulder the cost now.

Other recommendations to move forward the country’s affordable housing agenda included new and more innovative financing models to fund projects instead of the current measures that largely focused on subsidising buyers.

Public-private partnerships through joint ventures, “social impact bonds” which gained interest in United States, Britain and Australia were also discussed at the meeting.

The bonds operate on a “pay-for-success” model where the government repays the costs of a programme, plus a return.

The use of industrial building systems, a modern construction technology to reduce labour and speed up delivery was also recommended.

The panelists highlighted the importance of developing a more cohesive rental market. Germany, which has a developed rental market, was cited as an example.

Rent-to-own schemes were also recommended to help the medium-income buyers as they lack the financial resources to pay the initial down payment for properties whose prices have spiralled faster than the rise in their income.

As the Government and its agencies are land owners, there were also calls to “unlock” these “idle” government-owned land to support housing, particularly in Kuala Lumpur, Penang and Johor through regulations, transit-oriented developments and the pooling of resources.

There were also proposals to redevelop abandoned and existing affordable housing which are in “poor conditions”.

“There are multiple authorities involved in developing affordable housing for different target groups. Improved coordination among the agencies is required to encourage the provision of affordable housing.

“In addition, the lack of an integrated database on housing supply and demand has hampered planning and implementation of affordable housing programmes,” Cagamas said.