

# Access to cheap land is key to affordable housing, says World Bank

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**KUALA LUMPUR:** The World Bank said the challenges posed by affordable housing is an issue that is faced by both developing and developed countries, as seen in the Grenfell Tower inferno in Kensington, London where some 80 perished.

The Bank's Urban and Disaster Risk Management (East Asia and Pacific) practice manager Abhas K. Jha said pockets of extreme wealth and poverty is the biggest problem.

"Mistakes are made again and again" and governments "try to subsidise interest rates" for affordable housing. This, said Abhas, will not work. Instead, what is important is land use.

"Access to cheap land is key to affordable housing," he said during a panel discussion at a dialogue "Sustainable Development of Affordable Housing" hosted by Cagamas Holdings Bhd yesterday.

He said stakeholders have to look at housing and transport together and neighbourhoods must be planned such that all income levels live together with schools, healthcare and other infrastructure close by.

"The rental market has been very neglected in Malaysia when this can be developed into a viable option."

Another option is the use of modern tech-

nology like industrial building systems which would help to cut labour and construction time, said Khazanah Research Institute managing director Datuk Charon Mokhzani.

"The solution to high prices is not giving money. Who do you want to help - those earning below RM2,000, or below RM3,000?" Charon asked.

"Is it right to give money to people who earn RM10,000 a month? Are we prioritising the right way because right now, we have affordable housing schemes for the Top 20 who earn more than RM8,000 a month. When there are housing schemes like these, why would developers want to bring down prices?" Charon asked.

- The five areas that determine prices are land cost, labour, building materials, demand/supply and speculation, said panelist National Housing Department director-general Datuk Abdul Rahim Ishak. Among the hardest to control is speculation, he said.

While the Urban Wellbeing, Housing and Local Government Ministry try to help people to buy affordable housing, the ministry cannot do it alone without other stakeholders' cooperation, he said.

National House Buyers Association honorary secretary-general Chang Kim Loong said ultimately, there are two broad issues, regulating developers or regulating house prices.

"You either control the chicken or prices of eggs," he said.

Bank Negara Malaysia deputy governor Shaik Abdul Rasheed Abdul Ghaffour, in his speech, said public policy is crucial to further the affordable housing agenda, and not financing.

"Approval rates for housing loans by the banking sector remain high at 74%, with more than 60% of the new housing loans extended for house purchases below RM500,000.

"Loan rejection rates for houses in the affordable segment have actually been on a declining trend, falling by 18% since 2012," Shaik Abdul Rasheed said.

"Financing is not the issue," he said. In fact, financing measures implemented by Bank Negara, along with fiscal measures by the Government between 2010 and 2013, have helped to moderate price growth to a certain degree by dampening speculation.

Shaik Abdul Rasheed said what is needed is improving the existing ecosystem for affordable housing delivery. He suggested setting up an integrated database on housing supply/demand which should be available to all relevant stakeholders.

This will help both Federal/State government authorities and enable large-scale housing projects to be better planned and executed.



**Abhas:** 'The rental market has been very neglected in Malaysia.'