**Functioning Home Rental Sector Needed in Housing Policy, Governments Told**



Kuala Lumpur (2nd April 2019):   Policymakers must find ways to bring home rental out of the shadows and give it a proper position in the total housing policy to create a better mix between tenancy and ownership, said Dao Harrison, a senior housing specialist at The World Bank.

A functioning rental sector is necessary to address affordability and mobility challenges, although ownership is favoured by most governments and households with a strong cultural bias, Harrison said.

Rental is needed for households with low or irregular income, new families, migrant workers, students, those with transitional events, and people who simply don't want to own, she added.

"Rental costs are more adaptable to life cycle, employment volatility, and financial capacity," Harrison said at the Cagamas Berhad and World Bank Group conference on Affordable Housing across Asia in Kuala Lumpur today.

Providing affordable housing is a challenge faced by many governments in the world and it's not a problem confined to the developing countries, she said, citing the trend of dorm living for

professionals working in San Francisco. Incentives and regulatory oversight are measures that governments may consider to help develop the home rental sector, Harrison said.

Another panelist, Paul Graham, Chief Executive Officer of Keystart in Australia, shared the company's experience in providing adequate housing at a reasonable cost in Perth, where the average cost of property is about AUD500,000.

Keystart is a provider of low-deposit home loans to West Australians who are unable to meet the deposit requirements from mainstream lenders, with the state government playing a key role.

For its shared equity products, the state government will typically contribute 30%-40% of the property purchase price to help an eligible buyer afford the purchase, and Keystart will lend the balance of 60%-70%, Graham said.

It is a transitional product to help those who needed it most to gain access to home ownership market and borrowers are encouraged to refinance when their financial circumstances improve, he said.

In addition, the West Australia state government also offers AUD10,000 first time homeowner grant to spur house ownership. Affordable housing is a social agenda where government's involvement is necessary, from making subsidy available to facilitating the release of land, Graham said, and the benefits will come from social stability and the creation of jobs.

- End -

**About Cagamas Berhad**
Cagamas Berhad (Cagamas), the National Mortgage Corporation of Malaysia, was established in 1986 to promote homeownership and contribute towards nation development. It contributes towards the growth of the capital markets, Islamic finance and other priority sectors through issuance of innovative instruments. The provision of liquidity to financial institutions at a reasonable cost to the primary lenders of housing loans encourages further expansion of financing for houses at an affordable cost.

The Cagamas model is well regarded by the World Bank as the most successful secondary mortgage liquidity facility. Cagamas is the second largest issuer of debt instruments after the Government of Malaysia and the largest issuer of AAA corporate bonds and sukuk in the market. Since incorporation in 1986, Cagamas has cumulatively issued circa RM319.1 billion worth of corporate bonds and sukuk.

Cagamas' corporate bonds and sukuk continue to be assigned the highest ratings of AAA/Stable/P1 by RAM Rating Services Berhad and AAA/MARC-1 and $AAA_{IS}$/MARC-$1_{IS}$ by Malaysian Rating Corporation Berhad, denoting its strong credit quality. Cagamas is also well regarded internationally and has been assigned local and foreign currency long-term issuer ratings of A3 by Moody's Investors Service Inc. that are in line with Malaysian sovereign ratings.

**Media enquiries, please contact:**

Tan Wai Fong (Ms)

Conference Media Officer
Email: waifong@twfcomms.com
Tel: +6017 3000 032