



Persatuan Pengguna Pulau Pinang Consumers Association of Penang

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Press Statement

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EMPTY HOUSES, HOMELESS PEOPLE: Need for a National Housing Policy and need to prioritise rental and social housing

It is not surprising, yet depressing, that property overhang is the highest since 2018 with 63,063 unsold units valued at RM46.96 billion as in June 2020.

By September 2020, the overhang worsened with high-rise units with prices ranging between RM200,000 and RM700,000 worse hit, accounting for 70.5% of the overhang.

These figures reflect a total failure of our housing policy which allows developers to build mainly for profits and speculation — ignoring the real housing needs of the people. This mismatch of housing needs and housing supply is a misallocation and waste of our national resources.

And in the meantime, the Government has been trying to help the developers (who themselves created this problem) to sell the unsold houses by calling for easier bank loans. This will create stresses on the financial system and indebtedness for the poor (who cannot afford the expensive houses and risk losing their jobs and incomes during the pandemic).

Developers have to continue to complete their existing projects otherwise risk having to pay Liquidated Ascertained Damages (LAD) for late delivery of the projects and also delays will erode the confidence of potential buyers. This will also aggravate the overhang which has been on an increasing trend over the past five years. At most, developers can cut down the number of future projects just as statistics showed that 2020 has the lowest over a five-year period but much too late.

Even if the pandemic is over it will take a year or two at least for the economy to recover. According to the Department of Statistics Malaysia, there were 748,200 unemployed in October 2020 and annually about 500,000 Malaysians would enter the job market. Hence, it is expected that there will be more than 1 million job seekers and closure of more than 51,000 retail stores in 2021. These predictions came before the MCO 2.0 on 13 January 2021 making the situation grimmer.

Under such circumstances, we call upon developers to seriously consider renting out unsold units or offer rent-to-own option. This would enable those who cannot afford to buy to at least, have a roof over their heads while reducing the property overhang problem.

The Government should, on the other hand, also encourage rental housing by expediting the enactment of the Tenancy Act to protect the interest of the landlord and the tenants, making standard tenancy agreement available online that landlords can use, and introduce a dedicated Rent Tribunal to resolve tenancy problems fast.

The Government should seriously think about renting as a solution to our housing affordability crisis as many studies have shown that even the middle class cannot own housing units as housing prices have skyrocketed. Malaysia can learn from Germany where 58% of Germans rented the home they stayed in 2018. In Germany, laws have protected tenants and landlords fairly without stagnating of their housing supply. There they have developed rental tables (based on market rates) in bigger cities to establish a certain range of rents at different localities. They only allowed rental increase by specific percentages. And they have enabled the tenure security of tenants by ensuring that eviction is only allowed for specific reasons like the non-payment of rents, destruction of property, when the owners want to occupy the unit and other specific reasons.

In the longer term we need a National Housing Policy to look at our housing requirements:

1) Set up a National Housing Board to do the following:

- > Match the housing needs and housing supplies to prevent the misallocation and waste of housing resources. This will prevent the large overhang of housing units unsold and the problem of abandoned housing projects. Especially so when at the same time we have housing shortages, especially for the poorer consumers and homeless, who cannot even afford rentals.
- > The Board should develop housing and business units to sell or rent them. They should prioritise social housing and rental units especially for the lower income groups, homeless and workers who come to city centres to seek employment.
- > The Board should develop housing on state public lands and those lands belonging to Public Authorities. These lands should not be given or sold to private developers for any purpose.

2) Acquire land for social housing and develop Land Banks for housing throughout the country.

3) Develop a long-term plan and allocate financial resources for housing needs for all Malaysians in different parts of the country. This should be a priority in our development plans to prevent a housing crisis.

4) A good housing policy is instrumental to political and social stability. It also creates a sense of belonging that will unite all Malaysians.

5) Develop and collect good and useful statistics to help us do proper comprehensive housing plans that are linked to locality, jobs, transport and amenities. Socio-economic, occupancy rates, tenancy, mortgage, indebtedness, speculation, housing rental rates at different locations, and affordability data are also important.

6) Develop tax incentives, supply-side and demand-side subsidies and other fiscal policies to facilitate social and rental housing.

7) Develop standard tenancy agreements and expedite the enactment of the Tenancy Act to look after the rights of the tenants and landlords, to ensure a vibrant and fair rental housing market.

8) Set up a Rent Tribunal to settle disputes between tenants and landlords.

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