

Budget blindly dishing out more low cost housing
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Yesterday's announcement of the 2012 budget said that RM443 million will be allocated to build 8,000 units of low-cost homes for sale, while 7,000 will be built for rent. Furthermore RM40 million will be allocated for restoration and maintenance of public and private low-cost housing.

In today's news report in the Star Metro section, Minister for Federal Territories Raja Nong Chik said that out of 23,000 offer letters sent to potential low cost Projek Perumahan Rakyat (PPR) unit buyers, only 5,000 had been signed. He also said that most of the flat tenants either cannot afford it or do not qualify for a bank loan, and added that "there are 45,000 units available for sale in the Federal Territory".

It is evident that there seems to be enough available low cost units for rent and sale, so why is it that the 2012 budget continues to set aside allocations for building PPR units for sale and rental?

Under the 10 MP (2011-2015) PM Najib Razak had announced that 78,000 units of affordable housing under the PPR would be built. Under the previous 9MP (2006-2010) there were plans to 270,000 low cost and medium low cost houses and that RM9.5 billion was allocated for this.

Under the 8MP RM7 billion was allocated to develop affordable housing for the poor and the "underprivileged" namely the orang kurang upaya (OKU).

Incidentally in the period of the 9MP it was estimated that there were about 35,000 to 40,000 'squatter families' in the country occupying about 1,000 settlements. By simple mathematic one would have assumed that the 9MP would have built enough low cost houses for the number of squatter families who existed during that period. But why is it that the 2012 budget continues to allocate for the construction of another 8,000 units of low-cost homes for sale and 7,000 units for rent?

Is it because in the last 9MP, the 270,000 units were found to be insufficient for the demand from the poor families? Or is it because the projected target set in the 9th MP cannot be met and thus the target has spilled over to the 10MP resulting in the setting of another 78,000 units to be built?

If so, what had happened? Is there a problem with accountability and transparency in terms of the funds allocated for this venture under both the 8MP and 9MP, perhaps the funds not being channelled to the right places?

Announcing the building of low cost houses may sound politically correct and also serves to demonstrate that the government seems to care about the poor. But perhaps the PM and the housing ministry has to look at several important factors related to adequate housing for the poor to actually understand the reality on the ground.

Bank loans:

It is an ongoing difficult task for poor families to secure loans to purchase low cost houses, especially when they are senior citizens and do not qualify for the loans. Most housing developers are merciless and they would withdraw the offer to buy the units when squatters (urban pioneers) or long house residents cannot secure the bank loans.

These units would then be offered to other parties who very often not qualified to buy low cost housing, at a higher cost. To tackle this, the government has to facilitate arrangements with socially conscious banks, finance companies, etc, to support the loans for the poor to own homes.

There has been an announcement from the government about facilitating banks to set up special funds to assist the poor to obtain loans, but to date the reality is that poor families continue to scramble for bank loans to in order to be able to obtain a low cost unit or PPR flat.

Location of low cost houses:

Many poor families are often offered units as far as 30 to 40km from their present homes thus raising serious considerations of jobs and schools if they have to be relocated. So when families are not signing up or accepting offers to rent or purchase a PPR flat, it could be that they just cannot afford to relocate so far and disrupt their economic and family life just like that.

Quality of low cost houses:

The quality of the low cost house apartments are usually low because they are built with low quality materials and design, resulting in the new owners having to spend thousands of ringgit to make it livable and durable for long term purposes.

The common property areas are often not well maintained and facilities do not last too long, such as the lifts, the infrastructure such as access roads, drainage, etc. As a result some families choose to purchase medium to even medium high cost units even though it might not be within their means.

PM Najib must plan more carefully, and in particular must consult with the rakyat in the design and formulation of the national budget. He should pay more attention to the real needs of the people rather than be concerned with winning votes only.

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