

## **Experience shows KL housing scheme's not viable**

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Lembah Pantai MP Nurul Izzah Anwar today questioned the viability of the housing loan scheme for Kuala Lumpur's urban poor, considering the "lukewarm" response in the past for similar schemes.

However, unlike previous schemes that did not lift off, a poor-take up rate for the new scheme means the government would have to fork out money from its own pocket, Nurul Izzah said.

According to the PKR parliamentarian, Kuala Lumpur City Hall (DBKL) had previously offered to sell public housing units to people in the lower income group, but the take-up rate was poor as "the poor felt they could hardly meet the monthly instalments".

Then, in October 2010, a new scheme was introduced, involving the government working with nine banks to extend special loans to those otherwise not qualified for the loans, Nurul Izzah said, adding that this scheme "has since gone silent".

These experiences reveal that the urban poor targeted for the housing schemes could not cope with the interest rates offered by banks - which meant they would very well not be able to afford the 6.5 percent rate offered under the new scheme.

The new scheme is funded with a loan the government took from the Employees' Provident Fund at an interest rate of 5.5 percent.

Nurul Izzah said if the new scheme does not take off, the government would not be able to recoup the money to pay back the EPF loan and would have to pay for it with taxpayers' money.

More viable at two percent interest

If the government insisted on going ahead with the scheme, she said, the least it could do would be to lower the interest rate extended to house buyers to a more affordable two percent.

She said a subsidy discount of 3.5 percent on the interest rate would be a worthy welfare initiative to be extended to the urban poor, just as the government did for companies like Kumpulan Europlus Bhd.

It was recently revealed that Europlus, the concessionaire for the Banting-Taiping highway, received an interest subsidy of three percent on commercial loans for 22 years, costing the government an estimated RM4 billion.

"How can the poor afford high interest rates? It befuddles the mind," Nurul Izzah said.

Asked if she was advocating a scheme that would risk the taxpayers' money, since credit would be extended to those not qualified, she pointed out that Federal Territories and Urban Well-being Minister Raja Nong Chik Zainal Abidin claimed that the risk of default was only 10 percent.

"This means these are people who have been screened to be capable (of paying back)... We support the intention of this scheme and believe that poor people should be helped to own houses, but in a transparent manner," she said.