

Nong Chik: 'Only RM82' less if EPF housing scheme interest cut
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KUALA LUMPUR, March 14 — Putrajaya has dismissed calls to reduce the interest rate for the controversial RM1.5 billion home loan scheme by the Employees Provident Fund (EPF) to unqualified buyers in the capital, citing the minimal savings that would result.

Raja Datuk Nong Chik Raja Zainal Abidin said under the current rate of 6.5 per cent, a loan of RM36,100 over 25 years would incur a monthly repayment of RM243, or 50 per cent more than would be applicable with a 2.5 per cent interest rate.

"If we reduce it to 2.5 per cent, it will be RM161. It is only RM82 difference. This is just political posturing by the opposition," the federal territories and urban well-being minister told Parliament.

Raja Nong Chik triggered public outcry in January when he disclosed the proposed loan scheme will allow some 20,000 unqualified City Hall tenants to buy homes with up to RM1.5 billion from the EPF.

Opposition lawmakers have called for the federal government to offer soft loans with an interest of two per cent, the same rate given for the RM250 million handed to Datuk Seri Shahrizat Abdul Jalil's family to run the scandalised National Feedlot Centre (NFC).

Civil service union Cuepacs has also called for interest rates to be reduced to 3.5 or four per cent as "the purpose is not to make profit; it is to help them purchase low-cost homes."

Nong Chik also dismissed suggestions that low-cost housing be sold through lease purchase agreements as the same units mentioned in his example cost RM124 per month to rent.

"If they pay only RM124 per month, it will take over 50 years to finish paying. They will pass away before enjoying the benefits," the senator said.

The Malaysian Insider reported last week that the plan to lend an initial RM300 million from the EPF to unqualified house buyers in the capital has hit a deadlock over security conditions demanded by the country's largest pension fund.

The EPF had said on February 8 that it is in talks with the federal government but a deal has not been inked for the initial sum of RM300 million to be lent to a special purpose vehicle linked to the Federal Territories Foundation (FTF).

The foundation is directly controlled by Raja Nong Chik.

The minister, however, said in Parliament today that the EPF has already signed "a policy agreement to loan RM1.5 billion" for the housing scheme.

He previously said the loan would be secure as it is guaranteed by City Hall, a government agency, and that the EPF would get a 5.5 per cent return on investment annually from repayments by the new home owners.

The Umno senator also said he expects “not more than 10 per cent (of the borrowers) will default”.

But neither the government nor EPF’s management has yet to explain why pension money, instead of funds from the federal treasury, is being used to help finance those who cannot qualify for commercial bank loans to buy homes.

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