

RM1.5b EPF loan to fund 'future projects', says Nong Chik
The Malaysian Insider
March 15, 2012
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KUALA LUMPUR, March 15 — A controversial RM1.5 billion loan using the retirement savings of workers will be used to finance Kuala Lumpur City Hall's (DBKL) new low-cost housing schemes and to maintain existing projects that will be sold to unqualified buyers, the federal territories minister said today.

The Employees Provident Fund (EPF) is providing the first tranche of RM300 million to a special purpose vehicle (SPV) undertaking the financing for those buying some 24,000 low-cost flats in the capital city.

Datuk Raja Nong Chik Raja Zainal Abidin said DBKL "did not ask [for] money from the government" as it wanted to "avoid politics" in the scheme described as a "liquidation exercise."

The federal territories and urban well-being minister told reporters DBKL had decided against making direct loans to up to 35,000 city dwellers who are still renting and unable to borrow from banks as it needs funds for "future projects."

"When we sell these houses, we want the cash in hand so we can build new low-cost houses. But most importantly, we really need to improve maintenance," he said, despite claiming DBKL has RM1.4 billion in reserves.

"To be frank, we never asked the government for money because we wanted to avoid politics. If there is a default, then when we want to take action they will get angry. But now as it is EPF's money, it will encourage more responsibility," he added.

The senator pointed out that for the 70,000 low-cost homes still being rented out at RM124 per month, the monthly maintenance cost per unit was about RM240.

Raja Nong Chik triggered public outcry in January when he disclosed the proposed loan scheme will allow unqualified City Hall tenants to buy homes using up to RM1.5 billion from the EPF, which is tasked with safeguarding the retirement funds of over 5.7 million active contributors.

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 retirement 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 yesterday 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”.

He explained today 24,000 renters have been given offers to buy their homes but only 12,000 have accepted with 5,000 having found their own financing.

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