

Minister: New fiscal policies needed to curb house price hikes
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By Sathish Govind

New fiscal policies may be introduced in Budget 2013 to curb house price increases as the existing policies "have not been very effective", said Housing and Local Government Minister Datuk Seri Chor Chee Heung.

He said house prices have soared, and in some cases, doubled in the last two years, raising widespread concerns that house ownership is out of reach for most Malaysians.

Despite the government reviewing the real property gains tax (RPGT) by increasing the rate of properties disposed within two years from 5% to 10% and Bank Negara Malaysia announcing the implementation of a maximum loan-to-value ratio, he said there is still a feeling that the government "has not done enough".

"I am not suggesting that we introduce RPGT but we have to see that property prices are not artificially driven upward due to speculation," Chor said in his speech at the 15th National Housing and Property Summit 2012 organised by the Asian Strategy and Leadership Institute (Asli) in Petaling Jaya yesterday.

At the moment, central bank figures show that home loans constitute 53% of the overall household debt for Malaysians, with loans to purchase vehicles next at 19%.

Household debt to the nation's gross domestic product now stands at 77%, which economists deem is on the high side.

While it is not possible to control prices in a free market, he said it is, nevertheless, a matter of concern for the middle-income class.

Chor said the government had carried out the development of low-cost housing and compelled developers to build low-cost housing but added that consumers must change their perception of public housing projects (PPRs).

"The PPR has three rooms and is 700sq ft in size while private condos cost nothing less than RM400,000 to RM500,000," he said.

Chor, however, reiterated the need to review fiscal policies which were not designed to sabotage developers but with the view of ensuring a sustainable property market which does not suffer from asset bubbles and that household debts remain at healthy levels.

"The government has to mitigate excessive investment and speculative activity in the property market so as to prevent a property bubble as well as to ensure that household debts in Malaysia grow at a healthy rate," he said.

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