

**Excerpt from the Speech delivered by Governor, Muhammad bin Ibrahim, FCB
At the Bank Negara Malaysia Kota Kinabalu Office 2017 Annual Dinner**

Ideas to move the nation forward in addressing the challenges of affordable housing
http://www.bnm.gov.my/index.php?ch=en_speech&pg=en_speech&ac=767&lang=en

1. **A single authority to spearhead affordable home housing policy** is critically needed. The authority's role will be to determine targets and strategies to bridge the existing gaps in the supply of affordable houses, set the minimum standards of construction for these houses as well as oversee the national and state agencies responsible for the provision of affordable housing.
2. **Set up a national integrated database** which will serve all parties in enhancing decision planning for development of affordable housing. The database would support the states and federal level agencies to implement affordable housing policies. For developers, they can better understand the residential property market and promote construction of affordable houses at the right price, size and location in line with market demands. The database will also ensure only deserving households are entitled to purchase affordable homes.
3. **An adequate housing rental market** is vital to assist low income earners and new entrants into the labour force such as young graduates. This is in line with the Budget 2018 whereby the Government will enact the Residential Rental Act to safeguard the interests of both the landlord and tenant. Establishment of a Rental Tribunal will also be required to resolve any possible conflicts arising between them. The Government's 50% tax exemption on rental income up to RM2,000 should further assist in promoting the growth of the rental market. Bank Negara Malaysia is also currently in co-operation with the Cagamas to accelerate the supply of housing for rental purposes through the offering of innovative financing schemes for tenants and developers.
4. **A more effective land management policy for housing** is necessary to overcome affordable housing issues and reducing unsold properties. Study has shown that land costs are a major factor in influencing house prices, accounting for 8-23% of total construction cost. Other measures include reforms on use of government-owned land and policies on utilisation of private lands to allow for more sustainable property development.
5. **Accelerate measures identified in National Housing Policy 1.0** such as usage of industrial methods in property construction. Developers must increase their productivity and be highly committed in the provision of affordable housing – such as deploying latest technology to reduce costs and speed-up the construction process.