

**DRAFT SPEECH BY REHDA DEPUTY PRESIDENT
Y BHG DATO' CJ KHOR
REHDA INSTITUTE'S HOUSING CONFERENCE 2018
9 OCTOBER 2018, WISMA REHDA PETALING JAYA**

Yang Berhormat Puan Hajjah Zuraida Kamaruddin, Minister of Housing and Local Government,

Yang Berbahagia Dato' Jeffrey Ng Tiong Lip, REHDA Institute Chairman,

REHDA National Council Members,

REHDA Institute Board of Trustees,

Fellow Members, Distinguished Guests, Speakers and Panelists,

Members of the Media, Ladies and Gentlemen,

Let me first welcome all of you and especially the Guest of Honour, Yang Berhormat Minister, to Wisma REHDA, the home for Malaysia's housing and property development industry. We are indeed honoured by your presence at our headquarters today. A lot of important discussions have taken place within this building. Fully funded by members of the industry, Wisma REHDA is a testimony of REHDA's unity and strength and a physical proof that REHDA is an NGO of substance.

YB Minister, Ladies and Gentlemen,

We are often confronted with the issue of housing affordability. It is not a problem that emerged overnight, or over a short period of time. Time and again, over the last decade the industry has stressed that if the issues surrounding affordability are left

unattended, housing could one day be beyond the reach of many and the more vulnerable groups including the B40, M40 and the younger generation who may have just started their working / family lives may be pushed out of the housing market.

Housing affordability issue is a global dilemma. It is a universal problem and remains unsolved in many markets. There are many issues surrounding the affordability problem and Y Bhg Dato' Jeffrey Ng in his remarks earlier have identified at least nine structural problems that form the root causes of low housing affordability in the local context. 8 out of those 9 structural issues are supply related. Whilst buyers' empowerment is important to create demand for housing, equally as important yet often neglected is the supply side of the equation i.e. insight on factors that contribute to increased costs of housing development.

The costs of doing business in property development have been increasing significantly over these past few years, contributed not only by higher cost of construction and high land prices, but also imposition/introduction of various charges and financial as well as planning requirements. This has put tremendous pressure on developers' business model, making provision of sufficient affordable housing an uphill battle.

There is an urgent need to review and lower down or abolish unnecessary charges or requirements with the objective to reduce the costs of doing business so that the savings can be passed on to house buyers in the form of more sustainably priced

housing.

Private utility companies such as SYABAS, IWK, TNB and Telekom should not be imposing capital contribution charges on developers as developers are already required to lay infrastructure in their development projects and bring in new customers to the utility companies. These utility companies should revise their own capital to be recovered via tariff based on consumption or through federal funding from general taxation.

Similarly, requirements for huge amount of deposits should also be reviewed as such deposits are adversely impacting project cash flow of small, medium and bigger sized developers alike. The impact is especially felt more severely by the bigger player as they undertake projects with bigger Gross Development Value (GDV) and these corporate companies may have many on-going projects at any particular time. Such deposits are invaluable resources tied up unproductively with the banks and onerous on developers who have over the years successfully delivered completed houses to their purchasers in a timely manner and have proven their good track record in the industry. These resources could have been productively and efficiently utilised for new investments instead.

Whilst many are advocating that construction technology such as the Industrialised Building Systems (IBS) can help reduce cost, input costs which have been on the rise in recent years must also be looked at. Ideally, the overall costs of doing

business must be lowered to facilitate supply of more houses. This could only be achieved if concerted effort is undertaken to ensure reduction of:

- Compliance costs;
- Legislative requirements;
- Cross subsidises;
- Increased materials and labour costs;
- Levies;
- Increased development charges; and
- Any other non-productive costs that may apply.

This conference, themed “Housing in An Era of Change - A New Direction” precisely describes what the current state of the housing industry needs - we need changes, we need new direction and new ways of doing business to ensure continued sustainability and industry competitiveness. All related parties should play their respective roles in this effort.

On that note, I thank all present for your support towards REHDA. Your input and feedback, forms the solid base of our recommendations to the authorities and I also thank the Ministry for their open policy and friendly approach as we form symbiotic partnership in housing the nation. Thank you YB Minister, we at REHDA look forward to meaningful and productive cooperation with your Ministry and are always ready to assist in providing possible solutions to the many issues confronting the housing and property industry.

I wish all of us a fruitful discussion.