

'Affordable' but beyond reach

BNM: It's an issue of income not matching high house prices

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GEORGE TOWN: What passes for affordable housing in Malaysia is "not affordable", said Bank Negara Malaysia (BNM) governor Datuk Muhammad Ibrahim.

"Even the World Bank has characterised our houses as severely unaffordable.

"Last year, only 35% of the new housing supply in the market were affordable, and the year before that, the supply of affordable houses was 75%, and the remaining were residences costing above RM500,000," he said.

Muhammad Ibrahim said housing problems were therefore not about access to credit.

"It is an issue of not having enough income and houses being too expensive.

"As accountants, we look at the problem in a dispassionate way. We look at data and see that the problem is not about access to credit and we must have the courage to say it loudly and clearly to the public," he added.

Muhammad was speaking at the 2017 National Conference of Public Sector Accountants at a hotel here yesterday.

He told the 450 public sector accountants in the two-day conference to be bold and courageous as civil servants in responding to negative public issues raised by stakeholders.

He urged them to resist "pandering to popular opinion and short-termism", a financial jargon defining an excessive focus on short-term results at the expense of long-term priorities.

BNM has taken a critical stance over the affordable housing market in recent months.

Last month, the central bank highlighted data from the National Property Information Centre

showing that less than 30% of new housing launches in 2015-2016 were for those priced less than RM250,000, compared with 70% in 2008-2009.

Financial simulations in BNM's 2016 Annual Report released in March showed that people earning less than RM3,000 could only finance a home worth RM176,000, those earning RM5,000 and below could afford up to RM283,000 and those earning RM10,000 and below, RM515,000.

The report stressed that almost three quarters of the current supply of houses for sale in the country were not affordable.