

## PRESS RELEASE

### DIALOGUE ON SUSTAINABLE DEVELOPMENT OF AFFORDABLE HOUSING

**Kuala Lumpur, 5 July 2017** – Cagamas Holdings Berhad (Cagamas Holdings) organised a Dialogue on Sustainable Development of Affordable Housing at Sasana Kijang, Bank Negara Malaysia yesterday. Aimed at creating a platform for an exchange of views, the session offered an opportunity for industry experts to deliberate on issues relating to affordable housing both locally and internationally.

Encik Shaik Abdul Rasheed bin Abdul Ghaffour, Deputy Governor of Bank Negara Malaysia presented the Keynote Address.

“Sound, innovative and coordinated public policy is central to addressing the affordable housing challenge. BNM has advocated that this should reside with a central authority that leads, oversees and coordinated affordable housing,” said Encik Abdul Rasheed, who is also the Chairman of Cagamas Berhad.

The Dialogue was moderated by the Chairman of Cagamas Holdings, Encik Nik Mohd Hasyudeen Yusoff and featured The World Bank representative, Mr. Abhas K. JHA, Practice Manager, Urban and Disaster Risk Management (DRM), East Asia and Pacific as well as local housing experts Datuk Abdul Rahim bin Ishak, Director-General of the National Housing Department; Dato' Charon Mokhzani, Executive Director, Khazanah Nasional Berhad / Managing Director, Khazanah Research Institute and Mr. Chang Kim Loong, Honorary Secretary-General, National House Buyers Association of Malaysia.

The panellists presented various insights and valuable knowledge on subjects which included the global perspective in affordable housing provision, the Malaysian Government’s perspective and initiatives, case studies as well as the challenges faced by first time home buyers.

The Government is committed to build approximately 1,287,532 units of affordable houses in 2017. Over the course of the Dialogue, the key issues and challenges in affordable housing were identified. Among the key takeaways discussed included the following:

- Sound, innovative and coordinated public policy is central to addressing the affordable housing challenge. This should reside with **a central authority** that leads, oversees and coordinates affordable housing initiatives for the nation.
- A good working policy on affordable housing should encompass the following: targeted public resources, participation by private sector and transparent and nimble regulatory environment.

- Designs of neighbourhoods and townships are also important; for example it should not be only the higher income group living in the city centre. Initiatives such as Rumah Mampu Milik Wilayah Persekutuan (RUMAWIP) should be intensified to create a more diverse group in townships and cities.
- Rent-to-Own schemes (RTO) should be considered in housing policies, given that under current conditions, incomes for B40 and M40 will not be able to catch up with rapidly rising house prices and as such, these income groups will never be able to own their own homes.
- A taskforce on Sustainable Development of Affordable Housing to be membered by The Ministry of Urban Wellbeing, Housing and Local Government (KPKT), City Councils (PBT), state investment agencies e.g. PKNS, financial institutions, housing market players such as Sime Darby, SP Setia, MRCB and other key players such as BNM, Cagamas, EPF and Khazanah. The taskforce should work hand in hand in forming innovative solutions to address the issues at hand. For example, the task force could look into issues such as the overhang housing units, compliance of housing developers, effectiveness of a One-Stop-Centre (OSC), eliminating roadblocks to house ownership and so forth.
- The government requires developers who undertake Projek Perumahan Rakyat (PPR) to utilise 70% of Industrial Building System (IBS) in the construction stage. However, such guidelines are not profound for private sector development.
- A central repository as a systematic way of monitoring and managing the demand and supply of affordable housing including granting access to those seeking to purchase or rent homes.
- Efforts should also be made to increase the opportunity for potential solutions and project management through the study of various cases and successful developments from multiple regions as well as to develop a thriving rental market to reduce the supply-demand gap for affordable housing by strengthening the legal and institutional frameworks underlying the rental market.



From Left to Right:

*Encik Nik Mohd Hasyudeen Yusoff, Chairman, Cagamas Holdings Berhad*

*Mr. Abhas K. JHA, Practice Manager, Urban and Disaster Risk Management (DRM), East Asia and Pacific, The World Bank*

*Datuk Abdul Rahim Ishak, Director-General, National Housing Department*

*Encik Shaik Abdul Rasheed Abdul Ghaffour, Deputy Governor, Bank Negara Malaysia*

*Dato' Siti Zauyah Binti Md. Desa, Deputy Secretary-General of Treasury (Policy), Ministry of Finance*

*Datuk Chung Chee Leong, Chief Executive Officer, Cagamas Berhad*

*Dato' Ahmad Fairuz Zainol Abidin, Deputy Chief Executive, Securities Commission Malaysia*

*Dato' Charon Mokhzani, Executive Director, Managing Director's Office, Khazanah Nasional Berhad*

*Mr. Chang Kim Loong, Honorary Secretary-General, National House Buyers Association (HBA)*

## **About Cagamas Holdings Berhad**

Incorporated in 2007, Cagamas Holdings Berhad is the holding company of Cagamas Berhad, Cagamas MBS Berhad, Cagamas SME Berhad, BNM Sukuk Berhad, Cagamas SRP Berhad and Cagamas MGP Berhad (formerly known as Cagamas HKMC Berhad).

Its wholly owned subsidiary, Cagamas Berhad (Cagamas), the National Mortgage Corporation of Malaysia, was established in 1986 to promote the broader spread of house ownership and growth of the secondary mortgage market in Malaysia. It issues corporate bonds and sukuk to finance the purchase of housing loans and receivables from financial institutions, selected corporations and the public sector. The provision of liquidity at a reasonable cost to the primary lenders of housing loans encourages further financing of houses at an affordable cost.

The Cagamas model is well regarded by the World Bank as the most successful secondary mortgage liquidity facility. Cagamas is the largest issuer of debt instruments in the Malaysian capital market. Since incorporation in 1986 till end 2016, the Group has cumulatively issued RM296.7 billion of conventional bonds and sukuk including RM5.7 billion Ringgit equivalent foreign currency issuances and RM10.2 billion Residential Mortgage Backed Securities.

Cagamas' corporate bonds and sukuk continue to be assigned the highest ratings of AAA and P1 by RAM Rating Services Berhad and AAA/AAA<sub>ID</sub> and MARC-1/MARC-1<sub>ID</sub> by Malaysian Rating Corporation Berhad, denoting its strong credit quality. Cagamas is also well regarded internationally and has been assigned local and foreign currency long-term issuer ratings of A3 by Moody's Investors Service Inc. that are in line with Malaysian sovereign ratings.

### **Cagamas Holdings Berhad (762047-P)**

Level 32, the Gardens North Tower

Mid Valley City, Lingkaran Syed Putra 59200 Kuala Lumpur

Tel : +603 - 2262 1800 | Fax: +603 - 2282 8125 / 9125

[www.cagamas.com.my](http://www.cagamas.com.my)

### **Media Enquiries**

Sarah Abdul Aziz

Tel : +603 - 2262 1866

[csc@cagamas.com.my](mailto:csc@cagamas.com.my)

Lucia Wee

Tel : +603 - 2262 1868

[csc@cagamas.com.my](mailto:csc@cagamas.com.my)

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