

Summary of Group Session 3: Housing Policy and the Market

1. Background

Based on the discussion in the second Asian Forum in 2003, the secretariat invited proposals of project as well as its host and participants. In response to the invitation, there has been a proposal from Mr. Atencio of the Philippines on “Asian framework for the creation of secondary housing mortgage market systems in developing Asian countries”. China, India, Indonesia and Nepal are interested in this proposal.

Besides that, housing is a matter of common concern among Asian forum members. Housing policy of each country is based on its housing conditions, socio-economic situation as well as maturity of industry and housing market.

In this context, the topic of “Housing Policy and the Market” is taken up in Session 3, paying attention to the aspect of role sharing between public(government) and private(industry) sectors in the field of housing. This is also in line with the digest in the second Forum: Understanding of difference is important.

2. Presentation from the participants

1) Mr. Niranjana Swarup – India “Housing policy and the market”

Mr. Swarup reported housing units shortage in India (number of houses, 33 million dwelling units requiring investment of Rp 1,500 billion) and emphasized that the ideal strategy to tackle the housing problem needs to be based on simultaneous intervention in the financial sector as well as the real sector, adding that housing finance has been a key facilitator in ensuring the consistent growth of the housing sector in the past few years. He concluded that housing is a red hot sector with tremendous potential available for exponential growth and the government should continue its support to this sector by pushing reforms forward for the goal of providing housing for all.

2) Ms. Khin Wynn – Myanmar “Housing policy and Myanmar market”

Ms. Khin explained that Yangon has an annual requirement for 10,000 houses and apartments to accommodate its rapidly-increasing population, but at present levels of development, construction will only meet (20%) of the figure. She also pointed that

Myanmar's Property Market is fast becoming the country's most dynamic and high profile business sector and that the government is taking systematic measures in raising, maintaining and using public finance after laying down financial and monetary policies. She concluded that Myanmar should consider how other regional countries solve this kind of problems and be looking to develop housing loan schemes offered in other countries in Southeast Asia.

3) Mr. Santiago F. Ducay – Philippines “Philippine housing experience and areas for convergence”

Mr. Ducay showed that the factors contributing to the country's housing shortage are high population growth rate, proliferation of squatter colonies and low affordability of targeted beneficiaries, spiraling cost of construction materials and land, and low level of housing production. He also explained proposed policy intervention of Philippine Housing Policies: to consider housing as a means of social intervention and catalyst for economic activity; to maximize multi-sectoral participation; to offer people centered and self-help approach to housing, etc. He identified three areas of convergence for the Asian Forum to explore: Business Opportunities in Construction and Housing; Finance Investments in Housing and Construction including the evolution of the Asian secondary mortgage market system; and Exchange of information on housing and urban development including best practices and programs.

4) Mr. Kang Pal Moon– Korea “Directions of Korean Housing Policy”

Mr. Kang reported that to stabilize the price fluctuations caused by housing shortage, Government has set up the plan to build 500 thousand housing units every year from 2003 until 2012, adding that to solve the housing problem of lower income and homeless people, a total of 1 million long-term rental housing units will be built from 2003 to 2012. He commented that government has set up the minimum housing standards to make sure that all people has a right to live in houses above minimum standards

5) Mr. Dao Van Chien –Viet Nam “Development of tenement house under projects: Actual situation-solutions”

Mr. Dao pointed that since 1991, housing investment policies have also been turned from subsidiary in to encouragement. He explained that the rapid population growth in urban areas has reduced land fund, and housing respect have became one of the most burning issues in the society. He pointed that the vital issue at present is to increase the housing fund while the scarcity of land is a serious concern. He added that therefore the

construction of high rise tenement houses is considered as a short-term optimum solution in Vietnam. He mentioned about some issues on the actual situation and solutions in the process of the Housing Development in Vietnam.

6) Mr. Ong Chan Leng – Singapore “Housing, Singapore Experience”

Mr. Ong explained Singapore’s experience in providing public housing set up since 1960 with the mission to build quality and affordable homes, resulted in 84 percent of the population living in quality homes. He also introduced the finance schemes to make the flats more affordable, the eligibility and selection systems to award flats, as well as the various management and maintenance programs to rejuvenate the older towns and to bring about a higher quality of life for residents. The new directions and initiatives set by the government to fulfill the rising aspiration of the more affluent younger generation was also introduced.

7) Mr. Nobutaka Wada – Japan “Housing market and policy in Japan.”

Mr. Wada illustrated housing stock situation in Japan as sufficient housing stock and insufficient quality in floor area, earthquake resistance and the energy efficiency. Also, housing market in Japan was introduced as huge new housing market versus small existing housing and remodeling market. Issues and policy were elaborated concerning owner sector, renter sector and housing environment.

8) Mr. Ronard G. Fontamillas – Philippines “Land Proclamation; A strategy to address the housing backlog, the Philippine context”

Mr. Fontamillas explained a strategy to issue land proclamations which declare suitable government lands as housing sites and to provide them for socialized housing purposes by securing the housing tenure of the urban poor. Owing a land can support varied economic undertaking such as mortgage transactions and this program was regarded as innovative, inexpensive and far-reaching. Executive procedures and encouraging developments were also illustrated.

9) Mr. Masahiro Kobayashi - Japan “Securitization of Housing Loan in Japan”

Mr. Kobayashi illustrated scheme to extend long-term fixed-rate mortgages which have been operated by Government Housing Loan Corporation in Japan. He explained cash flow management of mortgage backed security (MBS) and how interest rate risk as well as prepayment risk is hedged by MBS. He explained the business operation of GSE model and elaborated how to attract investors to MBS.

10) Mr. Tetsuo Numaoi – Japan “Development of Housing Warranty in Japan”

Mr. Numaoi illustrated brief history of housing warranty system in Japan including enforcement of Housing Quality Assurance Act and Housing Performance Evaluation System. Details of warranty programs for new and existing houses were explained. He also introduced 10th International Housing and Home Warranty Conference which is scheduled to be held in 2005.

3. Discussions and Proposals

Housing issue varies from country to country depending on its local conditions and economical situation. Both public(government) and private(industry) sectors are expected to choose and shift their policy and strategy wisely and flexibly considering such a great variety.

1) As it has been presented by the participants in the session 3, housing policy and the market have varied characteristics depending on:

- economic system and conditions
- technological development situation
- urbanization and demographics
- climatic and geographical factors
- scale of the countries

2) There could be a lot of possibilities and potentials of choosing and shifting policies and strategies in various aspects:

- from quantity(number of housing supply) to quality(size and grade of housing)
- from uniformalized /standardized to localized/characterized
- from government-driven to market-driven
- from new construction to utilization of existing housing stock

3) Collaboration and alliance among members is effective to share information, experience of success or failure, technology, intelligence and views as “good practice” concerning many aspects in the field of housing in Asia. In the next stage, it is advisable to focus on some of the following topics of common interest among member countries and to take them up in the activities of the Asian Forum if conditions permit:

- housing finance scheme such as secondary market of housing mortgage.
- high-rise houses
- land ownership

4) Utilizing the Asian Forum Website for more mutual understanding and founding the plat form of sharing information of this housing and construction industry:

- data base on housing situation in member countries
- bulletin board on related international conferences, and etc.