

Govt pushes for low-cost housing

PRIVATE PROPERTY FIRMS INVITED TO JOIN INITIATIVE FOR HOUSES AT BT600,000 PER UNIT

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LOW-INCOME earners will finally be able to own a home thanks to the government's latest initiative to offer houses at a price of no more than Bt600,000 per unit for which private developers are being wooed.

These units, if made available, will come with a long leasehold term.

The Finance Ministry yesterday held a meeting with representatives from top listed property firms such as Pruksa Real Estate, Sansiri, Property Perfect and LPN Development in an effort to encourage them to join the initiative.

Also present were representatives from three property associations – the Thai Condominium Association, the Thai Real Estate Association and the Business Housing Association – as well as the Government Housing Bank, Krungthai Bank and the National Housing Authority (NHA).

"We need the private sector to join the development of low-cost housing for low-income people," said Finance Minister Apisak Tantivorawong.

While he said tax incentives were not discussed at the meeting, he hinted at the possibility of providing such motivations to private firms.

At the meeting, which was chaired by Deputy Prime Minister Somkid Jatusripitak, it was agreed that the private sector and the government would come up with clear details about the initiative within one month.

Implementation of the scheme is expected to be undertaken via a social enterprise.

"The private sector has a budget for CSR [corporate social responsibility] activities anyway. We would like to ask them to earmark part of the budget for building low-cost housing for low-income earners," Apisak said.

The cost of the houses is expected to be around Bt500,000-Bt600,000, with targeted buyers being those with wages and/or other income totalling less than Bt15,000 per month, he said.

The finance minister said the government would provide land belonging to the State Railway of Thailand and the Treasury Department for the housing, while the private operators would build the homes with no profit in mind.

"But they may get a reduction in their corporate income tax under the

social-enterprise law that is being drafted," he added.

Apisak said the private sector's participation in the project was needed because with their extensive experience in the field, property developers should be able to do a much better and faster job than the state sector.

"Previous efforts by the government sector to build houses for low-income earners have been progressing slowly," he pointed out.

In 2005, the administration of then-prime minister Thaksin Shinawatra launched the "Baan Ua-arthorn" project, which developed low-cost homes for people with monthly income of no more than Bt15,000.

Housing developed under the project by the NHA accounted for 270,466 units, but the agency shouldered debt of up to Bt113 billion in 2009, after the project's completion.

Pruksa Real Estate chief executive officer Thongma Vjittpongpan said the company would study the business model and whether it was feasible for it to construct homes priced no higher than Bt600,000.

If it proves to be feasible, then the company is interested in taking part in the scheme, he said.

"When cutting out the land cost, it may be possible to build a home for no more than Bt600,000. We would be happy to do so," he added.

Property Perfect CEO Chainid Adhyanasakul, who was also at yesterday's meeting, said the company would welcome participation in the development of low-price homes for low-income customers under the concept of social-enterprise business. "We would be ready to develop one or two projects under this concept, but we have to wait and see the details of the project first. It could commence next year," he said.

Thai Condominium Association president Prasert Taedullayasatit, who is also managing director of the condominium unit of Pruksa Real Estate, said that the association would meet with other property associations, including Thai Real Estate Association and the Housing Business Association, to discuss details and study the cost management of the project.

The results of their deliberations will be submitted to the finance minister within a month, he said. "The concept is better for the low-income market, but we have to study in detail how to do it."