

'Rent-to-own concept to boost homeownership'

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PETALING JAYA: The housing and local government ministry should take the initiative to work with the private sector to promote the rent-to-own concept or other alternatives to encourage homeownership without overstressing the finances of individuals instead of increasing affordable housing supply, said Socio-Economic Research Centre executive director Lee Heng Guie (*pic*).

He said the perception that owning a home is an urgent need must be changed if individuals cannot afford to buy them within a short period.

"Having a roof over one's head could be a necessity, but it should not depress homebuyers [aiming] to achieve [this goal] by sacrificing other priorities, as owning a house is a long-term commitment for life," he told EdgeProp.my after his session titled Budget Commentary 2019: Reset and Rebrand yesterday.

His session was one of several during the one-day seminar titled Asian Tiger: A New Journey — Budget Commentary 2019, organised by the Real Estate Housing Developers' Association Institute.

Lee said the recently announced Budget 2019 is a responsible and balanced one which focuses on fiscal reconstruction to improve the nation's overall financial health.

He opined that first-time homebuyers and developers are some of the winners in this budget as the government has placed much emphasis on the development of affordable housing as well as measures to encourage homeownership.

These measures include the allocation of RM1.5 billion to build affordable housing, Bank Negara Malaysia establishing an RM1 billion fund to help those earning up to RM2,300 monthly to purchase a house and stamp duty exemption of up to RM300,000 for first-time homebuyers.

Despite all these measures, the problem of homeownership still lies in individual's financial and loan repayment ability, said Lee.

Thus, a low-entry way to homeownership such as rent-to-own schemes or crowdfunding platforms could be alternative ways for individuals who wish to own a home.

Through rent-to-own schemes, individual can save their money to purchase a house while having a roof over their head in the short term.

However, currently there are not many institutions or private companies offering rent-to-own schemes that suit the needs of the low-income group.

He said, therefore, the government will need to take the initiative to work with developers to offer more rent-to-own options to interested buyers as this could also help solve the overhang properties problem.

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