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What about us? M40 group shouldn't be left out of homeownership incentives, says HBA

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PETALING JAYA (Jan 31): With so much focus on easing homeownership for the B40 (bottom 40% income group) the National House Buyers' Association (HBA) has reminded the government not to forget about the needs of the M40 (middle 40% income group).

While it lauded the recent launch of Bank Negara Malaysia's RM1 billion Fund for Affordable Homes for the B40 group, HBA said the AHF could be extended to include properties that cost up to RM300,000 and to increase the monthly household income eligibility to RM5,000 per month.

"Due to the rising cost of living, even the M40 find it very challenging to buy their dream homes and is in need of some form of assistance," said HBA secretary general Datuk Chang Kim Loong in a statement today.

He added that the same conditions for the Fund for Affordable Homes can be imposed, such as limiting the scheme to only first-time homebuyers and no resale of the property for the first 10 years after the last loan disbursement.

According to Chang, the key feature of the Fund for Affordable Homes is the low interest rate of up to 3.5% which is expected to lower the monthly housing instalment by 23% compared with the available financing options in the market.

Fund for Affordable Homes participants can also seek downpayment support where the sum will be made as part of the financing sought, meaning a 100% loan subject to the individual participating bank's assessment.

HBA also lauded the government's move to have participants attend a mandatory financial education — Rumahku, organised by the Credit Counselling and Debt Management Agency (AKPK) as this could help to equip them with the knowledge of personal financial management skills.

"Foreclosures can devastate a family's economic and social standing, leaving them poorer instead. By having an education programme to educate borrowers on how much they can borrow, and their financial obligations and responsibilities, the potential risk of these

borrowers defaulting on their loan obligations is reduced.

"We recommend that a similar programme — Homeownership Education Programmes be set up to raise overall financial literacy as a method to prepare low-medium income households to take on the responsibilities of owning a home," he added.

Meanwhile, he said government intervention in the property market is essential to balance current market demand and supply mismatch and to ensure every homebuyer could own a shelter within his/her affordability.

Most economists believe that Government intervention is not required as a "free market economy" can regulate itself, but Chang opined that this argument is only true if buyers and sellers have "equal bargaining power".

"When it comes to buying a property, the Developers or Sellers have a bigger bargaining power as land is a limited resource and buyers do not have many other options for the same location. Hence, leaving it entirely to the free market has resulted in the current situation where the median property price is now beyond the reach of the majority of the Rakyat," he said, citing government intervention such as the Fund for Affordable Homes.