

# Measures to help owners hang on to their property

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THE short-term National Economic Recovery Plan (Penjana) worth RM35 billion announced on June 9 includes stimulus measures that are aimed at improving the overbuilt property sector.

To boost home ownership and the domestic property market, the government has reintroduced the Home Ownership Campaign (HOC) which ran throughout 2019 and helped developers sell some RM23 billion worth of homes, well above its initial target of RM17 billion worth of sales.

Under Penjana, stamp duty has been exempted on the instruments of transfer worth up to RM1 million, with full exemption given to loan agreements for the purchase of residential property valued between RM300,000 and RM2.5 million.

This incentive is available for sales and purchase agreements executed between June 1, 2020, and May 31, 2021, and requires property developers participating in the HOC programme to offer at least a 10% discount on the price of the property.

Financing terms were also loosened for third home purchases during the HOC period, with the 70% margin on housing loan for a third residential property valued at RM600,000 and above lifted.

For the secondary market, any gains arising from the disposal of residential property from June 1, 2020, to Dec 31, 2021, will be exempted from Real Property Gains Tax limited to three residential properties per individual.

The measures put together have the means to lift the market and it didn't take long for the fish to bite the bait.

Despite rising unemployment in the country, press releases from developers suggest investors and buyers have welcome the measures with IJM Land Bhd, stating its recently launched Starling double-storey housing's new phase at its Bandar Rimbayu project was sold within a day, while Mah Sing Group Bhd's MLuna Phase 1A comprising 200 units of high-rise project in Kepong was 90% taken over on June 13-14.

Cash-rich buyers seem to be coming out of their three-month Covid-19 hibernation looking for bargains or investment opportunities with interest rates low, and with a bias to remain low for the immediate future.

Now, however, the government may want to consider policy measures to help many, who have become unemployed or risk becoming so, hang on to their precious homes.

With unemployment rising to 5% in April and expected to rise in the following months, the government may want to come up with some policy options to ensure those displaced in the job market do not end up in debt and lose their homes as well.

Those from the B40 or bottom 40% group with household incomes less than RM4,300 a month look most vulnerable. Of these people, some 4.5 million wage earners in the country make less than RM2,308 a month, according to the Department of Statistics Malaysia in a 2018 report.

Many of them have already exhausted their savings in Account 2, according to the Employees Provident Fund, probably used as down payment for their home.

The six-month loan repayment moratorium beginning April is helping to keep the lid on default rates, but if the economy fails to get enough wind in its sails or if a second wave of virus strikes by September, it's going to be tough for the banks to extend a further moratorium.

The clock is ticking and the impact of the virus continues to impact lives in very different ways.