

First home scheme to attract young buyers

Cagamas will provide guarantee on 10% downpayment



PETALING JAYA: To promote home ownership among Malaysians, the Government has proposed to introduce First Home Scheme whereby Cagamas Bhd will provide a guarantee on the 10% down-payment for houses priced below RM220,000.

The scheme is for first-time house buyers with monthly household income of less than RM3,000. It is aimed at young adults who have just joined the workforce.

With the guarantee from the national mortgage corporation, it means that eligible house buyers will be able to obtain a 100% loan.

First-time house buyers will also be given stamp duty exemption of 50% on instruments of transfer on a house priced at not more than RM350,000. The Government has also proposed stamp duty exemption of 50% be given on loan agreement instruments to finance such first-time purchase of houses.

To expedite the process of property registration, the Stamp Act 1949 had been amended to enable the Valuation and Property Services Department assess properties after the payment of stamp duty to the Inland Revenue Board. This will reduce the property registration process from 30 days to one day.

Welcoming the First Home Scheme initiative, Real Estate and Housing Developers Association (Rehda) deputy president Datuk FD Iskandar Mohamed Mansor said the scheme was good news for the housing sector, "as just over 73% of houses transacted falls under the category of below RM220,000."



FD Iskandar says the scheme is good news for the housing sector

The 50% stamp duty exemption for houses below RM350,000 covers an estimated additional 10% of the market, and together the incentives benefit all-in-all roughly 87% of housing transactions throughout the country.

While Rehda views the measure as a very positive step towards closing the income gap, it acknowledges that properties which are found within these price brackets are not easily found in Greater KL or Penang due to higher land and construction costs in these vicinities.

Concurring with Rehda, C H Williams Talhar & Wong Sdn Bhd managing director Foo Gee Jen expects the First Home Scheme to have a lesser impact on the Kuala Lumpur market as the prices of most houses here exceeded the ceiling set by the budget.

"There will be more significant impact on housing demand in other cities such as Johor Baru, Malacca, Ipoh, and Kuantan," he noted.

Reapfield Properties Sdn Bhd managing director David Ong said



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the Government's "invisible hand" in steering the housing market was important in the light of the current market conditions.

"The Government is wielding its influence on two fronts - to help first time buyers and to signal to developers that a certain type of housing within a certain price range is needed. Developers can probably consider townhouses or condominiums within a certain price range," Ong said.

Ong said hopefully, with this move, developers would build houses within this pricing category.

Khong & Jaafar managing director Elvin Fernandez said the Government's move not only recognised first-time house buyers, "but also acknowledged them as newcomers into the workforce."

"The perimeters set out in the budget are correct. This is the type of house this group will be able to afford. They will need this kind of assistance," he said.

The move, he said, did not mean that the Government was not considering raising the downpayment for

house purchase to 20% or 30%.

"That may still come later on as increasing the percentage of downpayment does not fall within the budget," Fernandez said.

Ireka Development Management Sdn Bhd chief operating officer Lim Ech Chan said the First Home Scheme would enable first-time buyers to afford their first home and promote a healthy property market overall, encouraging more affordable housing to be made available.

Amphil Corp Sdn Bhd chief executive officer PK Poh said it was an excellent measure to provide the means for young households to purchase "starter" homes "as it will be a sort of forced savings and a hedge against inflation, besides saving money on rental."

"In our major cities, this would often mean buying small one- or two-room apartments in areas a little further from their workplace than they might like. However, the securing of such a loan is still subject to the banker's determination of the repayment ability of the borrowers."

On the development of the 1,072ha Malaysian Rubber Board land in Sungai Buloh by the Employees Provident Fund, Poh said most developers were looking forward to the finalisation of the master plan and the granting of conversion and planning approval from the state.

"The land area comprises both freehold and leasehold lands and needless to say, developers would want to see how they could position themselves and participate in the roll-out of this massive development," he added.

The mixed development comprising affordable houses as well as commercial, industrial and infrastructure facilities, is estimated at RM10bil and is expected to be completed by 2025.