

Budget 2016 should focus on first-time homebuyers

Property players would like to see the return of developers interest-bearing scheme and GST exemptions

BY WONG KING WAI

PETALING JAYA: Property players are hoping that Budget 2016 will make it easier for first-time homebuyers to buy property.

Many wish for the return of the developers interest-bearing scheme (DIBS). Before it was banned in 2014, a housebuyer only had to pay a small downpayment and nothing more until after the duration of construction. The developer will bear the interest during construction and the loan would be serviced after the developer handed over the completed property to the buyer.

The Real Estate and Housing Developers Association (Rehda) hopes to see a modified scheme for first-time homebuyers in the market for property to RM500,000.

Rehda suggests the tenure of the scheme should only be 24 months for landed property and 36 months for high-rises. Moreover, the interest rate charged must not be higher than the average lending rate of banks.

Rehda also hopes for a standardisation of the bumiputera quota policy across the country and for the reduction or review of government charges that add to construction cost, among other issues.

Developer Mah Sing Group Bhd hopes for DIBS to be reinstated, as "the scheme will ease purchase of homes by genuine homebuyers by allowing them to lock in properties at current prices."

The developer also hopes for less strict lending guidelines, a review of real property gains tax (RPGT) to encourage property investment, stamp duty exemption and a further reduction in personal income tax for middle-income earners.

The call to assist first-time homebuyers is echoed by property consultants YY Lau, country head of JLL Malaysia, and Sarkunan Subramaniam, managing director of Knight Frank Malaysia.

"While the Young Couple Housing Scheme announced by the government recently is a good move, we also wish that the government could extend some assistance for all first-time homebuyers," Lau said. "We think that DIBS can be reactivated for first-time homebuyers, and that housing finance policies can be relaxed as well."

Sarkunan said, "The return of DIBS only for first-time homebuyers, [will] assist them



Property players hope to see more avenues for first-time homebuyers to buy property. The Edge file photo

to buy homes in tough times; and [I hope] interest rates do not go up."

President of the Malaysian Institute of Estate Agents (MIEA), Erick Koh, says first-time homebuyers need a leg up.

"I would like to see more leniency for first-time homebuyers to allow them to borrow money based on their gross income, and to have higher margins of financing," he said.

There were also calls for a review of the Goods and Services Tax (GST). JLL's Lau said the government should relook the GST rate to either decrease it or give more exemptions "especially for rental properties to help businesses".

According to managing director of CH Williams Talhar and Wong (WTW) Foo Gee Jen, GST for residential property transactions in the medium and affordable price range should be zero-rated to allow developers to recover their GST costs, reduce development

costs and enable developers to build more affordable residential units.

Rehda also hoped the government would consider placing affordable houses priced up to RM500,000 under the GST (Relief) Order to mitigate the increased cost of affordable housing.

Director of LaurelCap Sdn Bhd, Stanley Toh, says that he would like the government to lower the RPGT as it could stimulate the domestic property market. He would also like to see an exemption on stamp duty for the next three years and for Bank Negara to reconsider the loan-to-value ratio for homebuyer financing.

Master Builders Association Malaysia (MBAM) president, Matthew Tee, says a reduction in import duties for heavy construction machinery would be helpful, as would more tax incentives for industry players to implement the Industrialised Building System.

He also highlights the issue of the availability of trained foreign workers, who may have to return to their home countries in January next year.

"Through the Building Industry Presidents Council, MBAM has appealed to the government to 'normalise' workers under the 6P programme to Pas Lawatan Kerja Sementara (PLKS) (Temporary Work Permit) status that can be renewed every 12 months to a maximum of 10 years since the workers are now skilled and experienced and the industry has invested a lot in their training," Tee says.

MBAM also wishes for the subsidising of Building Information Modelling to help the construction industry better manage costs, and for the Construction Industry Transformation Plan to be implemented quickly to boost the growth of the construction industry.