

The New Straits Times - Rent-To-Own Concept To Help Low-Income Group Buy Houses

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KUALA LUMPUR: The Finance Ministry is recommending the rent-to-own concept to help first-time home buyers with low income to own a property. Second Finance Minister Datuk Johari Ghani said the concept could be a very effective way for those with low income and who do not have enough cash for a down payment to buy a house.

"I am looking at this category, where people earning RM2,500 and below should be able to afford monthly rental of up to RM800 as an instalment for a house without paying any down payment.

"When their income level rises, they can make a decision to buy the property. For example, when their salary increases to RM6,000 a month, they can pay RM2,000 as instalment. Every time their salary is raised they pay more. If they decide to buy the house, then the instalment would be different.

"Even though they have rented the property for 10 to 15 years, when they decide to buy they only have to pay the balance sum for the remaining balance at the price to be determined at later years," he said in an interview.

Johari hoped the federal and state governments as well as other authorities would allocate land to build houses for the group.

"Everyone has to play their role, including state governments. They must make sure they reserve certain percentage of the land they own for this purpose. The rest can be used for commercial development or residential projects targeting middle- or high-income earners," he said.

Johari said a certain percentage of land must be gazetted and allocated for the lower-income group.

"Once the land is allocated for this purpose, the government will come in and build the houses. We don't have to talk about the value of the land because we do this for social agenda. I hope all the parties will play a role to make this a reality," he added.

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