

Budget 2023: Govt needs to focus on issues of high interest rates, unsold houses

Bernama

October 4, 2022 @ 3:54pm

The government is urged to give priority to solving the issue of high housing loan interest rates as well as dealing with the problem of unsold houses in the 2023 Budget which will be tabled on Oct 7.

Lecturer at the Faculty of Human Ecology in Universiti Putra Malaysia Prof Dr Ahmad Hariza Hashim said that for the present time, the interest rate charged to borrowers, especially the B40 group, is seen to be very high, even the sale of houses such as the People's Housing Programme (PPR) is still expensive and beyond the means of the group.

"Therefore, it is necessary for financial assistance or a reduction in loan interest rates if not free, to be introduced for this group so that it will be easier for them to own a house," the housing studies lecturer told Bernama.

On the issue of overhang, he suggested that the government expand the rent-to-own (RTO) financing scheme for unsold house units in next year's budget through financial assistance or loans with lower interest rates to individuals interested in buying the unsold units.

"Admittedly that there are many unsold houses as reported last July. As many as 35,592 house units including more than 10,000 PR1MA house units that have not been sold.

"Therefore, the RTO concept should be expanded for unsold houses because they are already in the market and it can help reduce the financial burden on developers," he said, adding that the government also needs to give special incentives to developers who practise the RTO scheme.

Meanwhile, lawyer Datuk Nazri Mustafa from Messrs Nazri Azmi Isinda suggests that the government, especially the Ministry of Housing and Local Government (KPKT), control the price of houses and building materials.

He said KPKT also needs to make its own assessment of a housing project by ensuring that the developer's selling price of the house is set in accordance with the actual market before giving approval to the developer who otherwise inflate the property price and then offer a rebate to attract buyers.

"This is because there is a rebate practised by the developer that is given to the buyer to ensure that the amount of financing is more than the actual selling price of the house.

"However, this situation makes the monthly installments higher than the original price, even leading to newly completed units being listed for auction (as buyer fails to meet higher monthly repayment)," he said.

In addition, Nazri said KPKT needs to limit the approval of housing projects to reduce 'oversupply' thus reducing the overhang of unsold housing units in the country.

Group chief executive officer of Max Capital Management Holdings Ltd Max Shangkar said the government could allocate the budget in the housing programme by focusing on the provision of houses for people who do not own homes and still renting.

"This can be achieved by working together with landowners or developers to build more quality affordable houses in suitable locations, and even with the existing budget, the government can make the process easier for citizens to buy or rent houses.

"For example, the government can implement a programme to help the B40 group to buy their first home without a down payment. Financial assistance can also be extended to those in need (B40) to buy or rent a house," he said.

He also urged the government, especially the Ministry of Housing and Local Government, to take advantage of existing initiatives to improve the quality of housing in the country through the 2023 Budget.