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Rent-to-own way to reset affordable homes issue

Low wage earners just cannot afford to buy a house

PROPERTY

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PETALING JAYA: The concept of affordable housing in Malaysia needs a complete reset, with "rent-to-own" (RTO) schemes being an effective way to improve the lives of the lowest income group (B40) nationwide, property experts believe.

Alpha REIT Managers chairman Datuk Stewart LaBrooy said the reset was needed as the term "affordable housing" in Malaysia was an oxymoron. "It doesn't exist," he said. "How do you sell a house to a person who does not have money?"

"If you look at the level of wages for the B40 group, which make up the bulk of the population, they cannot afford to buy," he said during a panel discussion at the 2020 National Housing and Property Summit on Tuesday.

LaBrooy said the concept of affordable housing should be replaced with the concept of "affordable rents".

"Here, the government can step in and subsidise rents for these people who can then live in furnished apartments and have quality lives, and can pull themselves up into a higher wage bracket. Because, when you're sitting in the gutter, you can never get out of it.

"It's pointless to keep bashing down on minimum wage and forcing people to work 12-hour shifts, seven days a week, just to earn enough to stay alive. How can you build affordable housing when the people you're trying to target just can't afford them? There's no market. Zero demand."



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Datuk Stewart LaBrooy

LaBrooy said the only way to deal with the situation is for the government to take the excess demand, subsidise the rent, place the people into decent accommodations and let them start to pick themselves up.

"That's the starting point. When they start earning more money, they may have an option to buy a unit or move out and buy their own place. You can't ask them to apply for a loan and buy a house. They'll default. It's a given!

"So, this whole thing about affordable housing is not even a debate. It needs a complete reset and we need to go back to the drawing board."

Meanwhile, Rahim & Co International Bhd executive chairman Tan Sri Abdul Rahim Abdul Rahman said there was too much political interference when it comes to the proper-

ty sector.

"Even in affordable housing, there is too much political interference. Land is a state matter. When a political party falls in one state, the policies that were done before are changed because of new politics.

"Therefore, there needs to be less politicking and more focus on the rakyat. If we concentrate on what the rakyat wants, the better it is for all of us."

The B40 represents the bottom 40% of income earners in Malaysia. In 2019, the mean income was RM1,849 for households in the lowest tier.

The RTO programme was introduced in 2016 to help those earning below RM3,000 a month. The scheme allows the individual to own the unit they are living in after paying rent for a certain period.