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Consider lease-purchase system for low-cost homes

Prof. Salleh Buang

TO say that we should all be a little concerned about the future of low-cost housing is putting it mildly. We should all be worried and anxious as to what the future has in store for the average low-wage Malaysian still searching for a roof over his head.

At the same time, it is ironical that some 12,000 stratified low-cost houses in Seremban Selatan have no takers. These houses have not been sold because buyers prefer the "terrace-type" landed units instead.

Unfortunately, according to Negri Sembilan Menteri Besar Tan Sri Mohamad Isa Abdul Samad, the State Government will in future continue to build low-cost apartments, because the State simply does not have that much land to spare for landed low-cost units.

We have a situation where the Government has built (and will continue to build) something which the house-hungry public will not want to buy, and, at the same time, will not build the type of houses which the public wants to buy.

There is no law against multiple ownership of houses, except for low-cost housing. Even here, many have discovered ingenious ways to get round the problem.

If you think of buying a low-cost house as an investment (buy low now and sell high later), think again. In April 1998, the then Deputy Housing Minister, Datuk Azmi Khalid, was quoted as saying that low-cost houses cannot be resold at a price higher than the "original sale price", even if the house has undergone major renovations.

Azmi added that quite apart from the price restriction, low-cost houses cannot be sold in the open market. They can only be sold to those who have already been registered as approved purchasers in the Government's computerised list prepared and maintained by the National Housing Corporation (Syarikat Perumahan Negara, SPN), whose jurisdiction extends beyond Peninsular Malaysia to Sabah and Sarawak.

Explaining the rationale behind the move, Azmi said the Government wanted to maintain low-cost houses as truly low-cost. They cannot be low-cost today, only to become high-cost when it is re-sold to a subsequent purchaser.

In short, there is not going to be a secondary market for low-cost houses. The question remains whether the sellers of these low-cost houses and their lawyers will again find a way around the law - if there is indeed going to be such a law.

In April 1999, the Government announced its approval, in principle, for a price hike. Low-cost houses which had been priced at RM25,000, now cost between RM30,000 and RM42,000, depending on the location of the housing project and the target group of purchasers.

A price hike means that monthly repayments will also increase. Will this not put low-cost houses further away from the reach of the low-income group? If a RM25,000 price tag is already a major problem, would not a RM42,000 price tag put low-cost houses beyond the reach of the average low-income Malaysian?

Possibly in response to this predicament, the Malaysian Trades Union Congress (MTUC) recently urged the financial sector to work out a payment structure that the low-income group could afford. In recommending that the monthly repayment for a low-cost housing unit should not be more than RM200 per month, MTUC president Senator Zainal Rampak said the majority of

the low-income group had a monthly basic income of less than RM500.

In March last year, Prime Minister Datuk Seri Dr Mahathir Mohamad announced that the Government would build about 300,000 low-cost houses in the Federal Territory to meet the demand of the low-income group. Dr Mahathir explained that the authorities had to undertake this massive task since the private sector had failed to live up to the people's expectations in this regard.

There is, however, one catch. These low-cost houses will not be sold. Instead, they will be rented out to those who qualify. In short, the Government's move will provide shelter to the homeless. But it will not address the problem of the house-hungry public who wish to buy their own affordable homes.

My question is this - instead of renting out the houses to those who qualify, why can't a "lease-purchase" system be implemented instead?

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