

RM1b fund to help low-income earners own homes

Bank Negara fund has a lower lending rate of up to 3.5%

BY CHESTER TAY

KUALA LUMPUR: Bank Negara Malaysia (BNM) has launched an RM1 billion Affordable Home Fund (AHF) to help lower-income earners nationwide own their first homes. The programme was first announced by Putrajaya during the tabling of Budget 2019 last year.

Speaking at the AHF's launch yesterday, central bank governor Datuk Nor Shamsiah Mohd Yunus said AHF had a lower interest rate of up to 3.5% and is expected to lower the monthly housing instalment by 23%, compared with available financing options in the market.

"Nevertheless, the lower financing rate under AHF should be seen as a temporary facility, which is only meant for a limited time, and be executed prudently.

"This is to ensure that home financing will remain sustainable, where home financing rates have to reflect the actual cost of risks faced by financial institutions, and by taking into consideration cost of fund, administrative costs and liquidity risks," she said.

The programme is available for two years starting from Jan 2 this year. It is meant for Malaysians with a maximum monthly household income of RM2,300, with no record of impaired financing for the past 12 months. Loan tenures will be offered up to 40 years, or 70 years of the applicant's age, whichever is shorter.

The maximum property price permitted under the scheme is RM150,000, and only those from the primary market — meaning homes that are sold by property developers —

including homes under construction.

Applicants are also required to first participate in a mandatory financial education programme under the Credit Counselling and Debt Management Agency (AKPK), called "Rumahku". It is an online learning programme crafted to educate borrowers on how much they can borrow, and their financial obligations and responsibilities.

Applicants will be required to provide the certificate number of the completed online learning programme before their financing applications are processed.

Participating financial institutions (PFIs) under AHF include AMMB Holdings Bhd (Ambank), Bank Simpanan Nasional, CIMB Group Holdings Bhd, Malayan Banking Bhd and RHB Bank Bhd.

CIMB Group chief executive officer Tengku Datuk Seri Zafrul Aziz, who was at the launch, said the bank looks forward to more collaborations with the government and BNM.

"Having decent housing is a basic human right and helping the B40 and M40 (bottom 40% and middle 40%) own homes is the first step towards elevating their financial standing. We look forward to working with the government and BNM on this and future initiatives to help the deserving improve their socio-economic well-being, which will also benefit the Malaysian economy in the long run," he said.

Borrowers are not allowed to sell their homes within the first five years from the date of the last loan disbursement. If they do so, a 2% penalty on the outstanding financing will be imposed by the PFIs on the borrowers.

Under the programme, participants can also seek for down payment support, where the sum

will be made part of the financing sought — meaning a 100% loan — subject to the PFI's assessment.

There is also no financing application processing fee under this programme, and purchasers can enjoy stamp duty exemptions.

Finance Minister Lim Guan Eng, who officiated the programme's launch, said since it has been made available on Jan 2, BNM has received 16 applications, of which five have been approved, and 11 are still being processed.

"We will keep thinking of creative ways to bridge the last mile of home ownership because many people cannot get loans. I always argue this with the bankers — they always say [the] loan rejection rate is below 30%, but I told them these were those who applied — there are many more out there who are not even eligible to submit an application," he said.

Programme to boost demand for properties below RM150,000

Real Estate & Housing Developers' Association Malaysia (Rehda) president Datuk Soam Heng Choon, who was also present, said AHF is expected to boost demand for properties below RM150,000.

"This new fund will definitely be useful in helping first-time homebuyers, especially for properties below RM150,000. Of course, the question being raised now is 'are there properties below RM150,000?' Definitely, there are. Even in Selangor, we have the Rumah Selangorku [programme], where we have different categories of houses — and there is a category below RM150,000.

"Rumah Mampu Milik Johor also has [it], [so do] Kedah, Perlis, Pahang, Kelantan, Terengganu, and even in Penang. These are the states that have different categories of affordable housing.

"We hope that with this new scheme, it will help to spur the industry, given that it has been quiet for a while now," Soam added.

Soam also pointed out that location is no longer the sole factor that determines the success of a property development project today.

"The overhang may be because of [the] wrong location, product and pricing. Today, properties are no more 'location, location, location.' It is [the] 'location, price and product,' these three things have to match to be successful," he explained.

"If people want landed homes [in one place] and you build a high rise, people won't buy. If you build a house that is RM1 million where people are earning RM3,000 monthly, nobody will buy either," he added.