

# Rent-to-own housing scheme – enter Prosma

> Firm tasked with acquiring assets under Sekretariat Komuniti Prefer Malaysia, a private initiative

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**PETALING JAYA:** The Finance Ministry and the Domestic Trade, Cooperatives and Consumerism Ministry appear to have thrown their support behind a private rent-to-own (RTO) scheme to house nine million Malaysians, to be undertaken by Sekretariat Komuniti Prefer Malaysia (SKPM) and a public limited company, Prosma Bhd.

SKPM is a community created on the back of a private initiative to assist the government in providing residences to Malaysians and has been appointed to manage 50,000 houses under the RTO scheme. The finance and the domestic trade ministries are yet to respond to queries on the arrangement involving SKPM, Prosma and the government.

SKPM is the scheme owner, while Prosma is the holding company tasked with acquiring assets for the scheme.

A check with Companies Commission Malaysia (SSM) revealed that Prosma was incorporated in August 2016, and is majority owned by Prosma managing director Ros Aida Abdullah and a Roslizawati Abdullah.

An ex-civil servant, Datuk Paduka Ab Malek Ranting, is SKPM chairman, while Zamri Abdullah (pix) is both SKPM chief secretariat and Prosma CEO.

SKPM and Prosma began promoting the RTO scheme in 2015 and started interviewing the first batch of applicants last year. To date, it has approved 3,000 applicants with 71,000 applicants more to be interviewed.

The rental for these units depends on the location and current asset price. For example, a unit in Manjong, Perak, valued at RM200,000 would be rented out for RM700 to RM800 a month.

Zamri said it has allocated RM500 million to RM1 billion to acquire homes this year for the scheme.

“This is a private initiative. We get funding from the bank and the funding is backed by the Domestic Trade, Cooperatives and Consumerism Ministry, from whom we have already obtained consent of RM200,000 per house for up to 50,000 units,” he told *SunBiz*.

Zamri said SKPM's RTO scheme is targeted at those with a monthly household income of RM5,000 and above. He said the units must be no smaller than 900 sq ft each as they cater to families, and prices range from RM300,000 to RM500,000 depending on location.

“We are about to sign contracts with the first batch of successful applicants

this month and by end of 2017 we expect to deliver at least 240 units in Perak and 133 units in Penang,” Zamri said.

According to him, successful applicants only need to commit a 10% down payment, which can be sourced either from savings or the Employees Provident Fund. The 10% can also be paid in instalments during construction.

Applicants are not required to obtain any end-financing for the units, as Prosma will obtain the loans from banks. After paying rent for 30 years (which will be used to offset the bank

loan), the tenant will own the unit.

“Applicants only need to pay rent, which includes maintenance fee and quit rent. If they have extra funds, they can ‘redeem’ the unit earlier, after 10 or 15 years, instead of the full 30-year period,” Zamri said.

At present, the only other organisation offering an RTO scheme is the iMalaysia People's Housing Programme (PRiMA), which is targeted at those with monthly household income of RM2,500 to RM15,000. Eligible applicants who are unable to obtain end-financing for PRiMA homes have the option to participate in the RTO scheme.

For those earning RM2,500 a month and below, the People's Housing Programme (PPR) also offers an RTO scheme but not much is known about it. Based on previous reports, the RTO units are limited and available only at selected PPR projects.

A check on the Urban Wellbeing, Housing and Local Government Ministry's website showed that PPR is available in two categories, namely for rent and for sale.

Prosma recently signed an en bloc purchase agreement with listed company Tiger Synergy Bhd, for 180 units in Telaris Gombak. The development is to be completed in three to four years' time.

"We hope more private developers will come and collaborate with us, especially those who have unsold units. We can negotiate to buy those units for our RTO scheme," said Zamri.



PR1MA RENT-TO OWN	SKPM/PROSMA RENT-TO OWN
<ul style="list-style-type: none"> <li>▶ Rental up to 10 years. Tenant has option to buy unit at the end of fifth year or 10th year, must obtain own end-financing.</li> <li>▶ Target group: RM2,500 to RM15,000 monthly household income.</li> <li>▶ Government initiative.</li> <li>▶ Comes in two options: Basic RTO (with savings element, which can be used as down payment later) and Zero RTO (no savings element, must obtain full end-financing later).</li> </ul>	<ul style="list-style-type: none"> <li>▶ Rent up to 30 years, after which tenant will own the unit. Unit can also be "redeemed" earlier after 10 or 15 years if tenant has enough funds to do so.</li> <li>▶ Target group: RM5,000 and above monthly household income.</li> <li>▶ Private initiative with government support/consent.</li> <li>▶ Tenant commits 10% down payment and pay monthly rent. Not required to obtain end-financing.</li> </ul>