Consider renting instead of buying

THE cost of living in a major city like New York (NYC) has presented a significant challenge to me in managing expenses, especially when it comes to rent. Rent alone consumes more than half of my monthly income.

Some locals working in Manhattan are willing to commute from the outskirts, investing several hours each day in travelling simply to avoid exorbitant rental prices in Manhattan.

To address this issue, NYC's local government introduced a rental subsidy programme for eligible individuals through which the government directly pays landlords.

This initiative not only fosters the flow of money in the market but, more importantly, reduces the cost of living for those affected. The higher disposable income resulting from this initiative may contribute to a multiplier effect in the local economy too.

Reflecting on Malaysian conditions, without jeopardising its efforts to make homeownership affordable, the government should consider embracing a new paradigm in urban development by promoting home rental.

This acknowledges the changing dynamics of society. And rental subsidies align with this shift, recognising the importance of affordable housing solutions in metropolitan areas such as NYC and Kuala Lumpur.

Historically, the Malaysian government has made significant strides in providing access to adequate housing for individuals across all income levels, including those from the low-income group (B40). This includes low-cost public housing managed by Kuala Lumpur City Hall.

Unfortunately, the availability of vacant units for public and low cost housing is very limited.

This is where rental subsidies could come into play, benefiting not only the B40 group but potentially extending to the M40 (middle income) group, providing broader advantages to a larger segment of the population.

I believe KL could benefit from this idea of rental subsidies.

First, the government needs to establish the notion that not all of Malaysia's working population has the financial capacity to commit to a mortgage, as they are burdened by the high cost of living in KL. Where the government's priority has been homeownership assistance, it could now extend to rental assistance.

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This could help reduce the burden on the M40 group and alleviate the pressure to own a house.

The idea might also help, or at least control, the demand for houses, indirectly influencing the regulation of property development in KL. The issue of oversupply, particularly of units in KL's high-rise condominiums, is not a new problem; it has long been overdue for the government's serious attention.

Developers keep attempting to build numerous high-end properties, which fail to reflect the housing needs of the majority of the working population in Malaysia.

Lastly, while this idea may help in terms of the cost of living, one of the main reasons why it is necessary is that it could be a new milestone in collecting rental data. Currently, the Malaysian government does not have a specific centralised data centre on rental rates in KL compared with homeownership.

One thing to keep in mind: The concept of homeownership is often linked to the accumulation of wealth over time through property appreciation.

This goal may not be achievable by promoting rental options in the M40 group through subsidies, as rental subsidies might not provide the same wealth-building opportunities. Nevertheless, a rental initiative would align with Malaysia's National Housing Policy, which advocates affordable rental housing.

It is, however, crucial to recognise that the effectiveness of rental subsidy assistance in Malaysia depends on factors such as the housing market, current government policies – especially concerning the M40 population – and the overall needs of the people.

A comprehensive approach and studies are necessary to assess its impact before implementing a rental subsidy initiative in Malaysia's housing market.

The approach must consider both rental and homeownership options to maximise benefits and address diverse housing needs.

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