Fact Sheet "Rent-To-Own" Scheme

Objective:

To facilitate access to social housing to eligible NHDC beneficiaries who are not able to secure housing loans from financial institutions for the acquisition of their housing units.

Criteria for eligibility:

Beneficiaries:

(i) with household monthly income of up to Rs. 48,000;
(ii) who do not own residential property (land or building);
(iii) who have not benefitted from any social housing scheme (including Slab Grant/ Grant for purchase of building materials/ NEF Housing Scheme)
(iv) who are not lessees of State Land;
(v) who have not been able to secure a housing loan from MauBank Ltd, MHC Ltd or any other financial institution; and
(vi) who are able to pay the minimum agreed monthly rental.

<u>Terms and conditions</u>

Selling Price:

The selling price will be reduced roughly each year by the amount contributed by the tenant/prospective buyer under rental, after adjusting for rental/maintenance expenses, (current proposal of Rs 4000 monthly rental less Rs 1000 rental expenses). However, the selling price will not be reduced after Year 5 to encourage acquisition of the housing units within a period of 5 years. The Selling Price will be reduced as per table below provided that beneficiaries have paid all their rental payments:

Year End	Selling Price (Rs)
Year 1	945,000
Year 2	916,000
Year 3	887,000
Year 4	858,000
Year 5	828,000
Thereafter	828,000

Monthly Rental Payment: Rs 4,000

Monthly Management Fee: Rs 100 payable to the NHDC Ltd per beneficiary [to be met out of the monthly rental payment]

Duration of Scheme:

(i) up to five (5) years;
(ii) the duration period of rental may be extended if beneficiaries still does not qualify for housing loans after five (5) years after satisfactory reassessment by NHDC Ltd;
(iii) monthly rental payment would be reviewed after five (5) years; and
(iv) consideration for longer rental period would be given to beneficiaries on a case-to-case basis.

Option to buy:

(i) any time during the operation of the scheme; and
(ii) the sale value of the property is pre-determined at the time of signature of "Rent-to-Own" agreement as follows:

	Monthly Rental (Rs)	NHDC Fee (Rs)	Selling Price (Rs)	Reduced Selling Price (Rs)	% Reduction
Year 1	4,000	100	975,000	945,000	3%
Year 2	4,000	100	975,000	916,000	6%
Year 3	4,000	100	975,000	887,000	9%
Year 4	4,000	100	975,000	858,000	12%
Year 5	4,000	100	975,000	828,000	15%

Non-Exercise of Option:
If beneficiary is unable to demonstrate his inability to obtain housing loan for the acquisition of the property at the end of the 5-year period, and is not willing to exercise his option to buy the housing unit, the monthly rental payment would be reviewed upwards to reflect the dynamics of the rental market. In the event, beneficiary opts to buy the housing units afterwards, the maximum reduced selling price would be Rs 828,000.