UNIVERSITI TEKNOLOGI MARA

AFFORDABLE HOUSING MODEL DEVELOPMENT BASED ON PEOPLE'S DEMAND IN SELANGOR

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ABSTRACT

The issue of oversupply, overhang, and rejected offers in the affordable housing sector presents a significant challenge in Selangor. Although various affordable housing initiatives have been implemented, the persistent mismatch between affordable housing supply and actual public demand raises concerns about how affordable housing is defined, what criteria are most relevant to people's needs, and what might an effective, demand-driven affordable housing model look like. Many units remain vacant not necessarily due to financial constraints alone, but due to a lack of alignment with the criteria that genuinely reflect the needs and expectations of the people. Existing literature has predominantly focused on conventional housing and frequently utilising quantitative methodologies that limit contextual richness. Moreover, most studies have largely prioritised buyer perspectives, with limited consideration given to the insights of other key stakeholders, including developers and policymakers. This narrow focus has led to an incomplete understanding of the actual demand for affordable housing. To address this gap, this study adopts a qualitative approach that captures the diverse perspectives of stakeholders involved in the affordable housing landscape in Selangor. Specifically, this study aims: (i) to understand the definition of affordable housing in Selangor, (ii) to examine the criteria of affordable housing based on people's demand in Selangor, and (iii) to develop an affordable housing model based on people's demand in Selangor. Data were collected through in-depth, semi-structured interviews with key informants, including homebuyers, local academics, representatives from the Housing Buyers Association, officials from the Selangor Housing and Property Board (LPHS), and affordable housing developers. Through thematic analysis, the findings revealed that affordable housing in Selangor is defined by several key characteristics, including a price cap of RM300,000, a cost threshold not exceeding 30% of household income, a focus on the B40 and M40 income groups, and eligibility limited to Malaysian citizens, with additional expectations that it serves as a first home and offers adequate features and accessibility. Furthermore, the results highlighted six core criteria that reflect people demand for affordable housing namely financial aspects, property specifications, accessibility, safety, developer reputation, and government intervention, all of which collectively shape the public's demand for what constitutes an affordable home in Selangor. In addition, several emergent findings were uncovered, including the significance of proximity to family networks, religious institutions, and recreational spaces, as well as the need for sufficient bedrooms to reflect cultural and religious practices. Based on these findings, the study proposes an affordable housing model designed to guide future housing planning and management in Selangor. The model emphasizes the importance of integrating public demand into policy formulation and the implementation of housing initiatives. By adopting a demand-driven approach, this study provides valuable insights for policymakers, developers, and authorities to enhance the effectiveness of affordable housing in Selangor and ensure future developments align with the actual needs of homebuyers.

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CHAPTER 1

INTRODUCTION

1.1   Overview of Study

Economic literature highlights the concept of "housing," yet a common definition remains elusive, with researchers offering varied explanations. Jevons (1871) sees it as a fixed asset, while Ricardo (2018) views it as a tangible asset with potential returns. Over time, definitions have evolved, influenced by political and economic changes. Henilane (2016) defines housing as a structure meeting legal criteria for year-round residence, while Ruonavaara (2018) considers it a tangible object intertwined with experiences and perceptions Meanwhile, Smith (2020) perceives housing as a commodity. Housing serves as a stabilizing force, influencing education, employment, recreation, and health (Kyle & Dunn, 2008).

Housing is deemed essential and a fundamental human right (Miles et al., 2015). Article 25.1 of the Universal Declaration of Human Rights refers to adequate housing and underscores the need for suitable, secure, and affordable housing (Universal Declaration Act, 1948). Aligned with these principles, Sustainable Development Goal (SDG) Goal 11 emphasizes access to affordable and adequate housing for inclusive, safe, resilient, and sustainable cities (UN, 2023). This commitment integrates the Human Right to Adequate Housing into the broader sustainable development framework.

The inception of affordable housing in Malaysia aims to provide equitable homeownership opportunities across income brackets (Esruq-Labin et al., 2014). However, despite a 35% increase in housing stock since 2005, a persistent shortage, particularly in affordable housing, persists (Bank Negara Malaysia, 2016). Urban areas are especially affected, experiencing shortages that lead to higher housing prices and increased demand for rental properties (Liu & Ong, 2021; Mariadas & Murthy, 2023).

In contrast, Selangor presents a different scenario, as it grapples with an escalating affordable housing challenge, evident in overhang status and unsold homes (NAPIC, 2022). As Selangor stands as the foremost contributor to Malaysia's GDP, the state has experienced a surge in population and migration, leading to a heightened demand for housing (Mohamed Aris et al., 2020). Despite this demand, many affordable