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usbet.fspuperak@gmail.com

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THE EFFECTIVENESS OF AFFORDABLE HOUSING SCHEME IN MALAYSIA

Fara Raudah Mohd Razali¹, Ashrof Zainudin^{1*}

¹Department of Built Environment Studies and Technology, College of Built Environment, Universiti Teknologi MARA, Perak Branch, Seri Iskandar Campus, Seri Iskandar, 32610, Perak, Malaysia

2021483096@student.uitm.edu.my, *ashro760@uitm.edu.my

ABSTRACT

This research aims to study the effectiveness of affordable housing scheme in Malaysia that was introduced by the government as there are issues arise. The objectives are 1. To investigate the issues that arise from the affordable housing scheme; 2. To identify the element for improvement of affordable housing scheme in future; 3. To propose initiatives and recommendation to reduce issues that regularly arise. The issues arise has raised questions about the effectiveness of the affordable housing scheme. 100 respondents were given a questionnaire as part of the primary data collection and the questionnaire were distributed in Johor Bahru because it is one of the busiest town and high cost of living. Findings of this study were concluded that the affordable housing scheme is not yet succeeded their main objective because most of the respondents were feeling unsatisfied with the price which means the affordable home are not affordable yet for them. Further research should be made for each state in Malaysia and a comparison of each state can be made.

Keywords: *Affordable housing, Johor Bahru, Issues, Satisfaction*

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INTRODUCTION

Malaysia is recognized as one of the fastest developing countries. However, the country's development was not going along with the minimum wage income. This issue has been a burden for many people in Malaysia especially for those lower incomes and who has lots of commitments. There are many people still do not own a property because they are still struggling to live as they need to arrange their money for daily needs, emergencies, bills and commitments. Until now, there are some people think that it might be impossible for them to own a property because the property prices are high. In addition, there are some people who are still renting a house for living even though they are at their elderly age which shows how difficult it is for someone to own a property in Malaysia.

Malaysian citizens are categorised into three groups according to their median income of household which are B40, M40 and T20. B40 groups means the household income is among Bottom 40%, and also known as the low-income group which has median income RM3,000 per month. The income threshold for B40 is below RM 4,360. Next, M40 groups means for those the household income among the Middle 40%, which also known as the Middle Class and their median income of household is RM 6,275 per month. The M40 group earns between RM 4,361 to RM 9,619. While the last groups T20 means among the Top 20% income household. They are known as the Upper Class and has the median income of household for RM 13,148 per month which earns RM 9,620 and above.

The government have come up with the idea of affordable housing scheme to make it possible for everyone to have their own property especially for B40 groups. Affordable housing scheme is an initiative to help Malaysian citizen to have a shelter for them to stay and own it which is affordable housing scheme. However, there are some issues that arose after this scheme was introduced. For this reason, does affordable housing scheme that was introduced by the government actually help them. Therefore, this study needs to be done to measure the effectiveness of affordable housing.

LITERATURE REVIEW

Income Group in Malaysia

According to Department of Statistics Malaysia (DOSM), household incomes refer to the total of incomes that was received by members of household. The social classes in Malaysia are categorized and classified into three groups according to their median income of household which are B40, M40 and T20. The names are representing the percentages of the country's population as B40 represents the Bottom 40%, M40 represents the middle 40% while T20 represents the Top 20% of the Malaysian household income. However, the average household income is different from years to years because the government has set up the minimum wages for every state. The average household income value will fluctuate according to Gross Domestic Product (GDP) statement every year. For this reason, the median of household income was used as the standard.

Table 2.1: Income Classification

Income classification	Definition	Details
B40	Bottom 40%	Lower income group Household income is below RM4,850 per month.
M40	Middle 40%	Middle income group Household income between RM4,851 to RM,970 per month
T20	Top 20%	Upper class Household income exceed RM10,791 a month.

Type of Housing Programs

Table 2.2: Type of Housing Programs

Scheme	Assistance type	Eligible properties	Income eligibility
PR1MA	Affordable housing, financing up to 110%	RM100,000 to RM400,000	RM2,500 to RM15,000
My First Home Scheme	Financing up to 110%	Maximum RM500,000	Single applicants: RM5,000 Joint applicants: RM5,001 to RM10,000 (max RM5,000 per applicant)

MyHome (Program Perumahan Rakyat)	Financing up to 100%	Loan amount from RM25,000 up to RM300,000	Minimum RM1,000
My Selangor Home	Affordable housing	RM42,000 to RM250,000	RM3,000 to RM10,000
Residensi Wilayah / RUMAWIP	Affordable housing	RM52,000 to RM300,000	Single applicants: RM10,000 Joint applicants: RM15,000
Perumahan Penjawat Awam Malaysia	Affordable housing for civil servants	RM90,000 to RM300,000	Not stated
Rumah Idaman Rakyat (RIR)	Affordable housing	Maximum RM350,000	Single applicants: RM7,500 Joint applicants: RM10,000
Rumah SaSar	Affordable housing for veteran soldier	Affordable House: RM150,000 to RM250,000. Premium House: RM350,000 to RM400,000	Minimum income more than 20% after deducting the housing loan
Rumah Murah Bawah 50k PPRT / PPR	Affordable housing	RM30,000 to RM50,000	Maximum RM3,000
Rumah Bajet 70k	Affordable Housing for villagers	Maximum RM70,000	Maximum RM3,000 and have a land minimum 2,800 sqft

Source: MYPT3 (2021)

Issues on Affordable Housing in Malaysia

According to Tuan Buqhairah (2022), there are 7,729 affordable housing properties below RM300,000 remain unsold until the third quarter of 2021. And the reason behind this issue has a few factors so the first factor is despite being referred to as a cheap house, there are buyers who are less able to own their own home due to price variations caused by different factors, including location of the property (Mohamad Hafizi, 2023). Consequently, the concern of who should be responsible for building and offering affordable housing to the underserving at

a cost that meets the present income rate arises. Whether the government or the developer that should bear the responsibility. However, the Malaysian Real Estate and Housing Development Association (Rehda) described the provision of affordable housing, especially low-cost housing, should be fully taken over by the government as the factor of increasing cost of construction.

Other than that, Prospective home buyers face affordability problems when 51 percent of respondents in PropertyGuru Malaysia's Second Half 2022 Consumer Sentiment Survey claimed that they are ineligible for the government's affordable housing programme and cannot afford to buy property without financial help, so prospective house buyers face affordability issues and due to the recession, inflation, price rises, and ongoing OPR increases, Country Manager, Malaysia (PropertyGuru.com.my and iProperty.com.my), Sheldon Fernandez expect that potential property purchasers will continue to wait and watch until the total cost of living stabilises (Mohd Zaky, 2022).

In addition, as stated by Harits Asyraf (2021) the other issue regarding affordable housing is the failure of the developer to complete the project within the set period is one the reasons the construction of affordable housing has failed to be achieved thus it answered the reason government has achieved only 43 percents from the target to build affordable housing. This is because, during the Eleventh Malaysia Plan (RMK11) from 2016 to 2020, as many as 282,259 units or 43.2 percent of the target of 653,000 RMM units were completed by the Federal Government, State Government, and private developers.

Not only that, according to Irfan Faruqi (2023) many problems has occurred for housing projects categories listed under Rumah Selangorku. However, many users do not know where and who to complain regarding the housing problems which leads them to rant and spread it on social media to get the attention in expect some changes will be taken. The main problems were mostly regarding the quality of the house for example among the house quality problems that was raised by the residents is the parking area that was flooded even though the house is only three to four years old. Furthermore, the low quality construction has forces the buyers to pay extra for home improvement or even to repair the problems leads to the cost of living burden for them. As reported by Dr Noorsidi and Nur Aqila (2021), there is a house that was only been occupied for a week but is already cracked and there are also various other damages that make the buyer feels afraid to live in the house.

Additionally, recently Kementerian Pembangunan Kerajaan Tempatan (KPKT) in Kota Bharu has allocated RM90.4 million to maintain the Projek Perumahan Rakyat (PPR) and public housing to overcome mental problems among residents (Hazelen Liana, 2023). This initiative was started after the United Nations Children's Fund (UNICEF) Study found more than 12.3 percent of children and teenagers aged 10 to 17 who live in PPR in the Klang Valley suffer from mental health problems and tend to suicide. So, KPKT will maintain the PPR and public houses so they could be more competitive besides allocating RM50 million for the works to replace the damaged lifts in the location concerned. The elevator area and lights provided is to ensure that the occupants, especially children and teenagers, can see a conducive atmosphere when they return.

RESEARCH METHODOLOGY

Type of Research

There are two types of research which are known as qualitative method and quantitative method. Qualitative methods involved a descriptive and conceptual kind of judgement which require the using of words instead of statistical data as it focused on the quality of something rather than its quantity while quantitative is any data of information that is in numerical and statistical form such as statistic and percentage. So, the type of research that will be used in this research is quantitative research and this type of research will examine a numerical data and will require some statistical tools to run the research like questionnaires. Questionnaires is a list of questions in a form that will be answered by the targeted respondent to gather the information such their attitudes, experiences, or opinions.

Data Collection

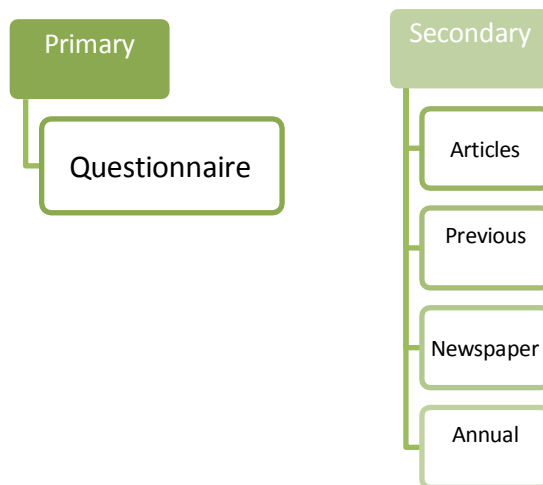


Figure 3.2: The data collection

For the primary data, questionnaire is used as research instrument. The questionnaire consists of two parts which are Section A and Section B. The first part of the questionnaire is the demographic information of the respondents, and the questions are related to their personal information such as their gender, age, status occupation and their incomes because in this study are focusing on the low incomes.

Secondly, for the next part, which is Section B, the questions in the questionnaire are focusing on the objective of this study therefore the satisfactions of the respondents in the matter of affordable housing scheme are questioned. The questions required the respondents to answer a few questions that needed the respondents to give their scale of 1-5 corresponding from strongly disagree and strongly agree.

RESEARCH ANALYSIS

Ranking of Variables

Table 4.1: Ranking of Variables

No	Factors	Mean	Rank
1.	Price	3.35	5
2.	Place	3.79	1
3.	Maintenance	3.41	4
4.	Quality	3.45	3
5.	Building	3.55	2

From the table above, the place or location is the first rank which has the mean 3.79 and shows that the location has the least problems. Next, followed by the building 3.55, the second highest which shows the layout plan of the house is good. The third rank of variables with 3.45 is quality, the next stage is maintenance which holds 3.41 mean and the last variables is the price of the property which is 3.35 and it shows the respondents has the least satisfaction with the price of the property.

CONCLUSION AND RECOMMENDATIONS

Through the course of research, it has successfully addressed the first research goal by carefully examining the relevant data, literature and analyse the survey questionnaire. Our research has provided information regarding the issues of affordable housing which has deepened our understanding of the problems. Therefore, the problems that we can conclude from the literature are most of Malaysians are still not able to buy a property as the price is still high for them. Other than that, the terms and conditions that were not complied with them also causes them to be unable to buy the property but because of high cost of living, they are still unable to buy a property even they are ineligible for affordable housing scheme. Moreover, other issues regarding projects under government, there are many developers who are unable to finish the projects within the set period which causes inadequate amount of affordable housing for public thus many Malaysians still do not own a property. Furthermore, there are also issues concerning the quality of the house because there are claims that some of the affordable housings are using a cheaper option for material to reduce the cost of construction.

The second research objective has been successfully accomplished through rigorous data collection, analysis, or surveying. This achievement advances the existing knowledge in the field and offers valuable implications for a better affordable housing scheme process.

Initially, the element that need to improve for affordable housing scheme is the method of information delivery regarding this scheme because there are many people did not discover the appropriate programme that meets their eligibility because they are not aware about the

other schemes that was introduced by the government. For instance, the government should make a one stop centre that includes the list of all types of affordable housing scheme as well as the location of the property, prices, and terms and regulations for the applicants. So, this one stop centre could help to reduce the number of properties of affordable housing because more people are aware of the types of affordable housing schemes that are available in market.

The first initiative is the government needs to make a research and study more regarding the policy and regulation for affordable housing. By examining existing policies, we have identified areas that require refinement and modification to create a more conducive environment for affordable housing development. The highlight that the government needs to study is the eligibility for a person to be able to buy an affordable house because the cost of living nowadays can be a huge topic for some so, even though their income can be seen quite high for others, but they could be struggling just like others can when include all their commitments. Other than that, the government needs to do research about the contractors to filter and choose the best contractor before appointing them to handle the projects.

Furthermore, the other initiative is that the government should take action to control the property prices which are rising and increasing every day. The contractors also need to be monitored as if they are using quality material to make sure the quality of the building is guaranteed. In the other hand, the developers also need to conduct a survey to study the preferences design and construction of people in the surrounding area. This element should be done to avoid more hang property in future. The last initiatives, monitoring and evaluation process. This research found that the management of the building after sale has always been overlook and this causes many residents of the building have a high possibility of mental health as they are always stress. So, the management of the building needs to be taken care always. Besides, a good management will attract more buyer to buy the property.

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