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# LOWER INCOME GROUP STRATEGIES TOWARDS BUYING A HOUSE IN KELANTAN.

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## **Abstract**

Housing forms one of the basic needs of human. However, as we can see, not many people in Malaysia is afford to buy a house. Low-income communities continue to face various barriers in buying homes Low-income group continue to face barriers to buying a home, especially because of the lack of income and net worth. The aim of this study Is to to determine the strategies of lower income group towards buying a house in Kelantan. The need of this assessment is to ensure that the findings for this research can help the low-income group to buy a house. The objectives of this paper is to determine the factors that influence the lower income groups to buy a house, to determine the difficulties to buy a house by lower income groups, and the latest one is to identify the strategies of lower income group towards buying a house. The respondents are among the businessmen, government sectors and private sectors. A study was conducted among on an overall of the lower income group that residing in area of Pasir Mas Kelantan. To achieve the objectives of this study a questionnaire survey was used to obtain the required data. A The detailed and efficient research is required to examine the steps that need to be done by the lower income groups to buy a house. The recommendations of this study will help the lower income groups to solve this problem.

**Keywords:** Buying; Group; House; Strategies, Low-income

## **1.0 INTRODUCTION**

The problem of difficulties in buying houses among the lower-income groups is arising in Malaysia and is no exception in Kelantan as well, therefore there is a need in examining this problem. The main problem statements that had been examine in this study are housing for the lower-income group is a big problem in all states and Kelantan is no exception. Public housing or affordable homes, which means houses costing under RM100, 000 is scarce in the state (Jaafar, 2015). According to Bernama (2011), Association Of Real Estate And Housing Developers' Association (REHDA) in Kelantan stated that there are 400,000 people earning below RM2,000 a month Who still still cannot afford to buy a house Is considered considered as something serious and something needs to be done to Address this problem. address. Besides that, according to the Chief Minister of Kelantan Datuk Ahmad Yakob, there are some cases after taking over the post in 2013, said the state government would build between 1,000 and 5,000 units of low-cost and affordable houses within the next five years. The critics said the majority of the people cannot afford to buy the units which cost about RM250,000 to RM500,000 each, and most were taken up by a few rich businessmen and Kelantan-born investors from Kuala Lumpur or other states who rent them out as homestays or use them as their holiday homes (Jaafar, 2015).

According to Mahmood (2017) as the Chairman of Local Government, Housing, Health, and Environment, this was due to mostly self-employed buyers and failed to present a firm's cash flow. Moreover, for the government sector and the private sector, they have a high commitment in their paycheck have led them to the difficulties in buying a house. One of the main reasons why this topic should be given focus is because in Malaysia especially in Kelantan, there are still many low-income people who cannot own their own house. Therefore, a careful study should be undertaken to ensure the means undertaken by the low-income group to buy a house is accurate and efficient.

## 2.0 LITERATURE REVIEW

### 2.1 *The Factors affecting to buy house by the lower income group.*

Based on Findings from past studies concurred location as one of the most important factors affecting the individual's decision making in purchasing a house (Adair et al., 1996). The environment of housing area is important and comprises of several important factors to the eyes of customers such as the condition of the neighbourhood, attractiveness of the area, quality of neighbouring houses, type of neighbouring houses, density of housing, wooded area or tree coverage, slope or topography of the land, and attractive views.

### 2.2 *The Difficulties to buy a house by lower income group.*

According to the survey, the biggest under-reported house buying issue facing today's buyer falls under the heading "fake buyer agents (Jon, 2007). Often local news sources generate a significant portion of their income from real estate brokerage advertising revenues. As the housing market becomes more and more a buyer's market these days, we are seeing dramatically more sellers and builders offering bonuses to the agent who brings you, the buyer, into the transaction. These bonuses are commonly referred to as "bribes" in the industry.

### 2.3 *The Strategies Lower income group towards buying a house.*

According to Al-Homoud et al. (2009), the most important thing is deposit to buy a home. Deposit funds can be obtained from cash deposits, gifted funds, equity in other assets that you own, or even from the sale of other assets such as stocks. They also mentioned that, build trust is very important in the affairs of a borrower from the lower income group to buy a house. The bank wants to know how a borrower can be trusted. They also want to know whether the borrower is paying the bill on time and they want to investigate the work and the borrower's stable home history.

## 3.0 METHODOLOGY

In order to address the issues relating to the difficulties to the lower income groups to buy a house, questionnaire surveys were distributed to gather the data from chosen respondents. The respondents that receive the questionnaire comprised of all the lower income groups. The sampling method that was used for this research are simple random sampling technique. The total population for these respondents are about 500 people, and determined by using Krejcie and Morgan (1970) table, which 217 number of sample are needed in order to complete the research. In order to achieve the objective of the research, a total of 217 questionnaires has been distributed to the respondents. Majority of the respondents have income below RM2000 per month and asked to answer this questionnaire. The key themes of the questionnaire included the factors that influence the lower income group to buy a house, the difficulties to buy a house by the lower income group, and the last one is the strategies of lower income group towards buying a house. The data of the questionnaire will be summarized into tables, diagram, and charts using Statistical Package for Social Science (SPSS) software. SPSS is a Windows based program that can be used to perform data entry and analysis and to create tables and graphs. It is capable of handling large amounts of data and can perform all of the analyses covered in the text and much more.

## 4.0 ANALYSIS AND FINDINGS

The analysis of this case study was with regard to the lower income group towards buying a house in Pasir Mas. The mean value can be determined based on the aggregate data using the SPSS 23.0 in order to get the average value for each parameter in each question. The table below consists of questions questions that are answered by the respondents. There are three sections below related to lower income group.

Based on Table 1, most of the respondents agree that the location of the house as one of the most important factors affecting the individual's decision-making in purchasing a house with the highest score mean 4.49. This result is also agreed by Adair et al., (1996) and Opoku et al. (2010) where they stated that some of the various points of interest that are being considered by house buyers are the distance to the central business district, distance to school, and distance to work and distance to retailer outlets. Nonetheless, the location is closely related to distance from various points of interest.

Table 1: The factors that influence the lower income group to buy a house.

<b>Descriptive Statistics</b>	<b>Mean</b>	<b>Std.Deviation</b>
Location of the house.	4.49	.666
The intention to buy a house	4.33	.748
Environmental factors.	4.26	.694
Property studies will benefit to sociology and psychology to buying a home.	4.04	.781
House features	4.02	.928
The characteristic of living space.	3.93	.859
Some people have a strong belief that a lucky to their lives.	2.86	1.268

Based on Table 2, most of the respondents agree that the fake buyer agents may cause difficulties to individuals mainly lower income group to purchase a house with the highest score mean 4.48. The literature supported this where the study by the Jon (2007), survey of the biggest under-reported house buying issue facing today's buyer falls under the heading "fake buyer agents." These are real estate agents who claim to be buyer agents and offer to work with best interests, but then fall far short of the obligations inherent in the label buyer agent.

Table 2: The difficulties to buy a house by lower income group.

<b>Descriptive Statistics</b>	<b>Mean</b>	<b>Std.Deviation</b>
Fake buyer agents.	4.48	.700
The problem of agents receiving bribes.	4.24	.884
The less obvious exposure by the agent.	4.18	.745
Many real estate company websites are not providing the full inventory of house if search in the internet.	3.99	.781
The pressure from the developer to the buyer to take the package out of them.	3.96	.840
Poor local news coverage.	3.88	.780
Buying a foreclosed property.	3.79	.790

Based on Table 3, most of the respondents agree that the people are aware of saving money deposit to buy a house may help the process to buy a house with the highest score mean 4.38. Al-Homoud et al. (2009) mentioned that, deposit is the most important thing to buy a home. Deposit funds can be obtained from cash deposits, gifted funds, equity in other assets that you own, or even from the sale of other assets such as stocks.

Table 3: The strategies of lower income group towards buying a house.

<b>Descriptive Statistics</b>	<b>Mean</b>	<b>Std.Deviation</b>
People awareness of saving money deposit to buy a house.	4.38	.690
Deciding on affordable house.	4.36	.814
Finding a loan with the lowest interest rate bank.	4.12	.825
Buying a house below the market price.	4.11	.804
Joining an auction to buy house.	3.93	.816
Build trust with banker.	3.89	.774
Buying a home with friends or family friends	3.80	.770

## 5.0 CONCLUSION

From the data finding and analysis that had been distributed among the 217 respondent, only 168 surveys had been successfully collected. From the study result, the study was found that the most of the respondent agreed in the table 1 that most of the respondents agree is the location as one of the most important factors affecting the individual is decision-making in purchasing a house. In Malaysia, studies also found Razak et al. (2013) that location is the main factors that influence the lower income group to buy a house in his journal. In this study, location was distinct as the strategic position of the house from several important points such as business area, school etc.

Beside that, for the table 2 the mean of this finding shows that most respondents choose that the fake buyer agents may cause difficulties to individual's mainly lower income groups to purchase a house. Fake buyer agents normally will cheat buyers during the process of purchasing a house. This statement can be further proved by (Jon, 2007) in the report. For this study, fake buyer agents are the most problems to individual's generally lower income group to purchase a house.

Other than that, level of awareness among the buyers in saving money deposit to buy a house, will contribute to the process to buy a house. This statement also had been mentioned by Al-Homoud et al. (2009) in their studies. The results of the study can provide some guidelines for key considerations and give the solution to the lower income group that problematic to buy a house in this area. Clearly, it is significant that awareness should be made among buyers in saving money for deposit as it will help a lot among the low-income groups to buy a house without much obstacles. The most significant of the awareness among the buyers in saving money deposit will help the low-income group to buy a house without any obstacle. This is because, if we look around us, still many people are ignorant of the deposit money to buy the house. These materials studied and developed properly hold the key to address the issues among lower-income groups in the purchasing of house in this area.

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