

HOUSING AFFORDABILITY PREFERENCES FOR 'RUMAH SELANGORKU' SCHEME

Nurul Afiqah Azmi^{1*}, Nur Erisha Syahiera Kamarul Bahrin¹, Ahmad Tajjudin Rozman²

¹Department of Estate Management, Faculty of Architecture, Planning & Surveying (FSPU), Universiti Teknologi MARA (UiTM), 40450 Shah Alam, Selangor Darul Ehsan, Malaysia.

²Real Estate Management, Faculty of Technology Management & Business (FPTP), Universiti Tun Hussein Onn (UTHM), 86400 Parit Raja, Johor, Malaysia.

*Corresponding Email: nafiqah@uitm.edu.my

ABSTRACT: Housing is described as one of the most universal concerns for a country's welfare that reflects people's perception of living standards. Every homebuyer must have their own natural preferences in buying a house. Apart from that, this study focused on housing affordability preferences for "Rumah Selangorku" Program. This research aims to rank the house buyers' preferences elements for 'Rumah Selangorku' in specifically De Kiara Apartment, Shah Alam, Malaysia. This research also identifies the preferences elements for house buyers from the literature. The questionnaire survey has been distributed towards respondents which are the occupants of De Kiara Apartment, Shah Alam. Thus, the results indicated price at the first ranked followed by locality; design; space standard; and facilities and services.

Keywords: Housing affordability, house buyers, buyers' preferences, "Rumah Selangorku"

1. Introduction

Home is the place where a family lives permanently with household members. It is become one of the fundamental of human needs. Housing issue has been one of the major concerns to everyone at every inch of the world as it reflected the well-being of a country whether the people in the country enjoying the standard of living or not. Affordable housing is one of the schemes provided to encouraging people to buy affordable and quality house. Affordable housing is a house that offered with the price not too high for limited people. Whereas it is subject to the low- income (B40) group or middle-income (M40) group [1].

Every homebuyer must have their own natural preferences in buying houses. Most of the homebuyer especially the first-time homebuyer dream for a house with good attributes of healthy living, learning, working and leisure. As an example, in 2011, through My First Home scheme, the government targeted the young working Malaysians earning RM 3000 or less to purchase houses between RM 100,000 to RM 220,000 which that housing scheme allows 100% financing for first-time house buyers. This indicated the developer and government have

work together to ensure the success of affordable housing scheme which need for proper design and well-prepared for sustainable even located in urban area. Thus, the objectives of this paper cover the following:

- To identify the preferences elements for house buyers.
- To rank the house buyers' preferences elements for 'Rumah Selangorku' in Selangor, Malaysia.

2. Literature Review

Literature review part consist of three (3) sub point. It consists of house affordability, affordable house buyers' preferences and "Rumah Selangorku" program.

2.1 House Affordability

Department of Statistic Malaysia [2] clarified the B40 and M40 are group of their household income at median level. The study shows that the median monthly income group by B40 in 2014 was RM2,629 and increase to RM3,000 in year 2016. Meanwhile for M40, the household income in 2014 was RM5,465 and increase to RM6,275 by the year 2016. Nevertheless, by year of 2020,

the government through Eleventh Malaysia Plan 2016-2020 targeted that the monthly median income of B40 group household income at RM5,270 and the M40 group household income at RM9,970. In early 2018, in Malaysia, Malaysians are categorized into three different income group which consist of B40 (40% of lowest class), M40 (40% of middle class) and T20 (20% of highest class). Basically, B40 group is also known as low-income group where their median income at least RM3,000 per month. Meanwhile, M40 group refer to the middle-income group with median income at least RM6,275. While, T20 group refer to the high-income group with median income at least RM13,148. However, this study only focuses on the B40 and M40 group income.

In Malaysia, low-cost, medium-cost and high-cost housing developments are being carried out by the public and private sectors. These three categories of houses have brought rapid economic development that has resulted in increased housing demand particularly in urban areas such as Kuala Lumpur and Klang Valley. Recently, the number of populations in Malaysia keep increasing from day to day shows people need more houses. There are various type of affordable low-cost housing scheme for low-income group (B40) such as 1Malaysia Civil Servants Housing (PPA1M), People Housing Project (PPR), Housing for the hardcore poor (PPRT), and Schemes under “*Syarikat Perumahan Negara Berhad*” (SPNB). Accordingly, in Selangor, there is only one affordable housing scheme known as “*Rumah Selangorku*”. This is where the “*Rumah Selangorku*” being monitored by “*Lembaga Perumahan Dan Hartanah Selangor*” (LPHS) since 1st January 2014.

2.2 Affordable House Buyers' Preferences

House preferences are indicators that triggers the decision in home purchasing. The affordable house scheme launched by the State Government of Selangor under the name of “*Rumah Selangorku*” have grab many attentions of the resident that need a comfortable shelter to continue their daily life. However, their preferences should not be neglectable in most aspect. This study could be regard as the next references to regulates on the affordable housing scheme in any countries in the world.

Based on previous study made by Mulliner and Algrnas [3] have shown in the perspective of

Saudi Arabia residents the most important attributes that should be taken into consideration of developers are building quality and materials, neighborhood safety, cleanliness and quality, thermal comfort and exterior finishing. The study also finds out that housing attributes in perspective professional preferences. The study shown that professional tend to focus more internal layout and design, distance to leisure mall, exterior aesthetic, building quality and materials.

The supply and demand of housing attributes are not match but only for building quality and materials. This shown that developers and practitioner have different thinking of house preferences on what the demand from consumers want. The developers should focus on what customer wanted as to increase the satisfaction level of the consumers.

Another study that discuss on housing preferences in Saudi Arabia shows that lot size, floor area, number of bedrooms are major factors that influence home prices and consumer preferences. The study also found out that each income segment will increase the number of bedrooms while total floor areas increased as well an increased in the size of the family [4].

The house preferences in India also poses some interesting results. Sundrani [5] discovered that price is the most important factor 1 Bedroom, Hall room and Kitchen buyers (1BHK), while 2BHK buyers does not have most significant factors, 3BHK buyers' important factors are product and location. The factors that have been justified in this study included price, product, location, security, privacy, intuition, promotion, influence persons, auxiliary factor and amenities.

The study also suggests the developer to understand the behavior of the home buyer preferences. Such as 1BHK home buyer prefer cheaper house price for their living needs. Developer can purchase cheaper land outskirts of the city that can offer cheaper price to the 1BHK home buyer. For 2BHK and 3BHK flats buyer, developer should focus on amenities to reward the buyer with better facilities. Two options can be made by developer either cheaper house price or same house price with better amenities provided and buying land in strategic location to enhance the attractiveness quotient.

Another research in India by Ghumare et al [6] suggested that income, loan margin, loan tenure and interest rate the most important governing factors in housing property buying decision. The

research also suggest that government and financial institution should come out with the best policies to build affordable house as per targeted class. The research also imposes the importance of housing affordability program to reduce the numbers of slum and to protect the housing poverty.

Another housing preference study conducted by Tanas, Trojanek and Trojanek [7] also shows interesting result. The study focuses on senior citizen in Poznan, Poland. The study revealed that almost women and married couples are the category to buy second-hand flats in Poznan for the year of 2010-2016. Most of the seniors favors total floor area around 30-60 square meter. Most of senior citizen bought their house in cash payments.

From the previous studies it shown that each preference conducted by each study have different attributes that taken into investigation. This study implements 5 preferences on purchasing an affordable house. The preferences are price,

locality, design, space standard and facilities. The element of preferences was tabulated into Table 1. According to Tan [8], each homebuyer must have their own natural preferences in buying houses where the individual preferences with respect to controlling intuition and the aspiration to mark one's own territory are the reasons for home ownership.

Wang and Li [9] defined housing preferences as a multidimensional exercise, involving tenure options, housing types, neighborhoods and locations. In addition, housing preferences can say as unstable and expected due to the change for specific household whenever significant changes in the constraints happen [10]. Meanwhile, Shi [11] defined preferences as temporary states of mind about what kind of housing desired and feasible at the current moment due to the existing constrain that involve the choice of one option over another. Preferences refer as a choice or taste that come from oneself before he or she chooses something for themselves.

Table 1 Elements of Preferences

No	Author/ Factors	Price	Locality	Design	Space Standard	Facilities
1	Tan (2013)	/				
2	Hashim (2010)	/				
3	Thellane (2008)	/	/			
4	Suhaida, Tawil, Hamzah, che-Ani, Basri and Yuzainee (2011)	/				
5	Liew and Haron (2013)	/				
6	Mayan and Samat (2017)	/				
7	Tan (2012)	/	/	/		
8	Hassan, Hamdan, Jamalunlaili and Abdullah (2018)	/	/			
9	Tan (2011)		/			
10	Hurtubia et. Al. (2010)			/		
11	Tan (2009)			/		
12	Ishak, Low and Mohammad Thani (2018)				/	/
13	Tan (2011)					/

2.3 “Rumah Selangorku”

In the early of 2014, the scheme of “*Rumah Selangorku*” has been introduced to the people where type of “*Rumah Selangorku*” scheme can be either apartment or terrace houses. This is where the “*Rumah Selangorku*” being monitored by “*Lembaga Perumahan Dan Hartanah Selangor*” (LPHS).

According to SP Setia Berhad [12], an affordable housing development known as “De Kiara” apartment has been launched under the scheme of “*Rumah Selangorku*” in 2017. This is where the De Kiara apartment is situated in Mukim Bukit Raja and District of Petaling. There are three blocks comprising 737 units of De Kiara apartment which the type of each unit is C1 as presented in Figure 1. All unit of De Kiara has built-up area 800 square feet

including three bedrooms and two bathrooms and

priced at RM170,000 as specify in Figure 1, 2 and 3.

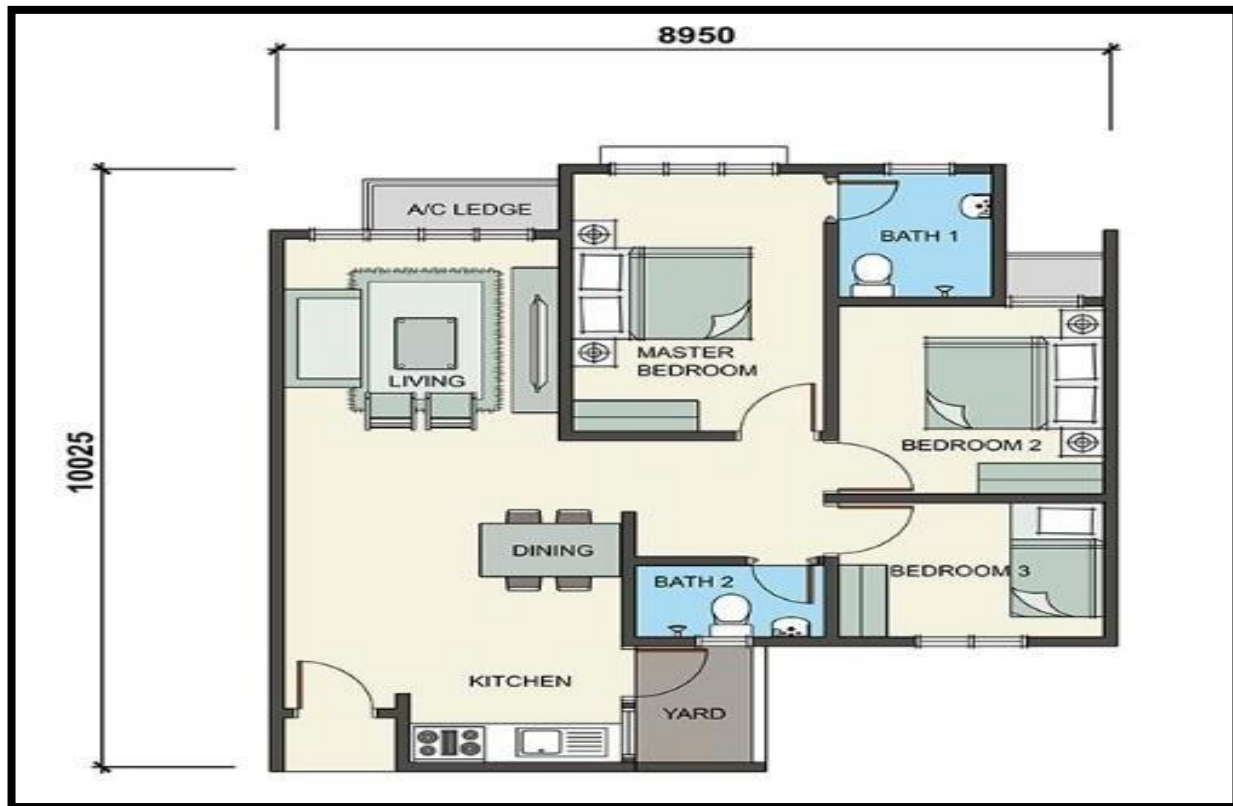


Figure 1 The floor plan of De Kiara Apartment.

SPECIFICATIONS			
Structure	Reinforced Concrete	Floor Finishes	Living / Dining - Ceramic Tiles
Wall	Brickwork / Reinforced Concrete		Kitchen - Ceramic Tiles
Roofing Material	Corrugated Roofing Materials / Concrete Slab		Bath - Ceramic Tiles
Roof Framing	Steel Truss		Yard - Cement Render
Ceiling	Concrete Slab / Cement Board Ceiling		Bedroom 1, 2 & 3 - Ceramic Tiles
Windows	Aluminium Frame Window, Metal Frame Window		Others - Cement Render
Doors	Main Entrance - Timber Door	Sanitary & Plumbing Fitting	2 WCs, 2 Wash Basins, 2 Showers, 1 Kitchen Sink
	Bath 1 & 2 (Type C1) - PVC Door	Electrical Installation Type C1 & Type C1 OKU	13 Amp Plug Point 13
	Bath 1 (Type C1 OKU) - PVC Folding Door		Lighting Point 12
	Bath 2 (Type C1 OKU) - PVC Door		Air - Conditioning Point 2
	Others - Flush Door		Ceiling Fan Point 5
Ironmongery	Standard Ironmongery		TV Point 1
Wall Finishes	Kitchen - 1500mm High Ceramic Wall Tiles		Water Heater Point 2
	Bath - Ceramic Wall Tiles Up to Ceiling Height	Internal Telephone Trunking & Cabling	Telephone Point 1
	Others - Plaster & Paint	Painting	Emulsion Paint

Figure 2 The unit specification of De Kiara Apartment.

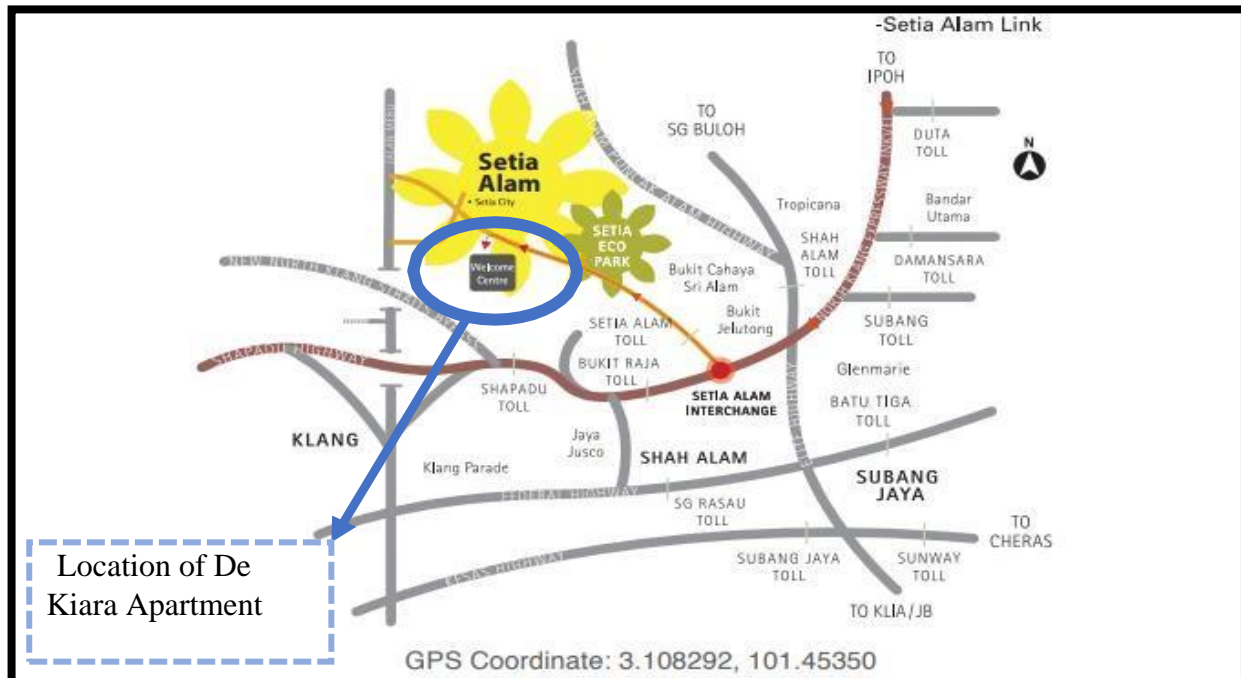


Figure 3 The location of De Kiara Apartment

3. Data Sources and Methodology

This research conducted using quantitative method with questionnaire distribute to 120 target respondents in area of Selangor, Malaysia. The case study of the affordable housing is De Kiara Apartment in Setia Alam, Shah Alam, Selangor, Malaysia. Additionally, the case study is an affordable apartment with 737 unit launched by SP Setia in 2017 and being occupied by the homebuyers in year 2019. The questionnaire survey has been distributed to 120 respondents (occupants) of De Kiara Apartment, Setia Alam. After all the data been collected, then the primary data was analyzed to determine the objectives of the study.

The questionnaire designed based on the Likert Scale of four measures according to the objectives of the study. Data generated from questionnaire surveys analyzed using frequency analysis. The survey instrument inside the survey offers qualitative assessment and quantitative indicators. Thus, to rank the preferences of the house buyers' elements, this research used Likert Scale method and tabulated data.

After all the steps, Statistical Package for Social Sciences (SPSS) version 24.0 used to analyse the data. By using this apps, the value of Cronbach's Alpha must more than 0.6 and if not, the responds might be not valid. Frequency analysis, descriptive analysis (mean and standard deviation) and reliability analysis in SPSS used to analyse the data.

4. Results and Discussion

The result and discussion of this paper are based on the 120 responses from respondent consist of 61 males (50.8%) and 59 females (49.2%). Majority of the respondent (79.2%) are married within age range of 31-40 years old (57.5%). In addition, majority of respondents are been served in private sector (62.5), public sector (30%) and others (5%). The data shown mostly monthly household income of the respondent within category of RM2,501 – RM4,500 (35.8%) followed by RM4,501 – RM6,500 (29.2) with 3-4-person (55%) family members per family. Meanwhile 80.8% of the respondent are the homebuyer of "Rumah Selangorku". This data considered valid and can represent the preferences for housing affordability in Selangor specifically, De Kiara Apartment, Setia Alam, Selangor, Malaysia.

There are many previous research studies on the housing preferences in Malaysia such as Tan [13], Tan [14] Tan [15], Hashim [16], Thellane [17], and many more. There are 5 major elements of housing preferences discussed in previous research such as price, locality, design, space standard and facilities as tabulated in Table 1.

4.1 Preferences Elements for House Buyers

4.1.1 Price affordability

As discussed by Tan [15], Hashim [16], Thellane [17], Suhaida, Tawil, Hamzah, Che-Ani, Basri and Yuzainee [18], Liew and Haron [19], Mayan, Mohd Nor and Samat [20], Tan [14], Hassan, Hamdan and; Jamalunlaili and Abdullah [21] they agreed housing price is one of the elements for housing affordability. This is because house price can show someone's ability in paying house installments [18]. In year 2010, Ministry of Finance's Valuation and Property Service Department [22] reported that the estimated average price for all house in Kuala Lumpur and Selangor were RM422,112 and RM290,440 respectively. However, there are still complaining that the price introduced was too high and still not afford to B40 and M40 group. Thus, in early of 2012, the government introduce My First Home Scheme from a maximum of RM220,000 to RM440,000. Recently in budget 2021 announcement by the Malaysian Prime Minister highlighted that Stamp duty waived for first time house buyer's worth for property value RM500,000 and below.

4.1.2 Location

Second element is locality. Strategic location is an important factor that determine the success or failure of the residential project [13]. This is because many people nowadays willing to pay more to choose strategic location. However not all house buyers are affording to pay for the high land price especially in urban area. Most people nowadays willing to rent a house in urban area compared to buy a house in rural area which are far from the city even they are from M40 group. Thus, developer should take note on the preferences of future home buyers that is convenient to workplace, accessibility, facility and amenity. Therefore, in this research, strategic location indicates to near to the town; near with facilities such as hospital, school and police station; and good accessibility to the main road.

4.1.3 House Design

Third element is design which prefer by the house buyers for affordable housing scheme. As revealed by Tan [23], unattractive house design is one of the factors for most of the houses remain unsold. Lot size, number of bedrooms and bathrooms and existence of garden in a house are the most significant design features that can affect house buyers' preferences. This is supported by the Tan [14], Government has urged developer to design more houses to sustainability living especially for

upcoming housing development. Hence, housing developer should be careful in designing the layout of the house. Thus, house design factor refers to the type of "*Rumah Selangorku*" such as terrace, flat or apartment.

4.1.4 Space Standard (Built Up Area)

Fourth element prefer by the house buyers is the space standard. Recent study conducted by Ishak, Low and Mohammad [24] revealed the evolution of space standard for the low-cost, low-medium and medium-cost affordable housing in recent year. Housing space standard revolution shown improvement from year to year. Started from 1956 to 1981 the space standard for affordable housing from lowest 400 square feet with 1 bedroom and bathroom respectively. Next for the year 1982 to 1996 and 1997 to 1998 the space increase to 530 and 560 square feet square feet respectively with 2 bedrooms and 1 bathroom. Meanwhile for 1999 to 2009 number of bedrooms increase to 3 rooms and 2 bathrooms at standard space 650 square feet. Recently, for the year 2010 to 2020, space standard specified at 700 square feet with 3 bedrooms and 2 bathrooms. It can be concluded that the space standard increasing to provide larger space as the increase number of populations. Therefore, space element firstly refers to the number of bedroom and bathroom. Secondly refer to land area and build up area.

4.1.5 Services and Facilities

Last element preferred by house buyers is facilities. The government advised the housing developers to create a neighborhood near with facilities that provide quality living for the community. As an example, housing development project nowadays joint ventures with private sector company to focus on profit margin in any development project. Thus, notable facilities and infrastructure are vital to guarantee future house buyers can completely happy and comfortable. Therefore, facilities element firstly refer to the services provided such as security services, closed-circuit television camera (CCTV) functionality and cleanliness. Secondly recreational area (park, playground and green space), lift efficiency and parking lot.

4.2 Ranking for House buyers' Preferences for "*Rumah Selangorku*" Scheme

House buyers' preferences ranking for housing affordability in '*Rumah Selangorku*' tabulated in

Table 2. The result shown house buyers choose the lower price of house compared to highest price. Meanwhile for the locality, occupants choose the house located nearby facilities, good accessible to main road and nearby town. In term of space standard, occupants prefer built up area with 1000ft – 1500ft compared to more 1500ft and less 1000ft. They also choose terrace house compared to apartment and flat with 3 bedrooms with 2 bathrooms compared to 2 bedrooms with 2 bathroom and 1 bedroom with 1 bathroom. In addition, cleanliness service in the big concern of house buyers followed

by good security services and functionality of CCTV. However, in term of facilities provided, lift efficiency is the main concern of the house buyers followed by the sufficient number of parking lot and recreational area. Overall, affordable house price is the most important element been choose by the house buyers of affordability house in Selangor. Followed by location of the house as second ranked and built up area as third ranked. However, house design in ranking four and lastly facilities provided at the last rank.

Table 2 House Buyers Preferences

Elements	Features	House Buyers Preferences Level	Level	Ranking for House Buyers Preferences
Affordable price	Price	Less than RM150,000	1	1
		RM150,001-RM250,000	2	
		Above than RM250,001	3	
Locality	Features	Nearby town	3	2
		Nearby facilities	1	
		Good accessibility to the main road	2	
Space standard (Built-up area)	Area	Less than 1000ft2	3	3
		1000ft2-1500ft2	1	
		More than 1500ft2	2	
Design	Type	Terrace	1	4
		Flat	3	
		Apartment	2	
	Space	1 Bedroom, 1 Bathroom	3	
		2 Bedroom, 2 Bathroom	2	
		3 Bedroom, 2 Bathroom	1	
Facilities	Service	Good Security Services	2	5
		Functional CCTV Services	3	
		Cleanliness Services	1	
	Facilities	Recreational area	3	
		Efficient lift	1	
		Sufficient parking lot	2	

5. CONCLUSION

Overall results shown most of the respondents preferred on the current features of “*Rumah Selangorku*” like house price below RM150000, locality near to facilities such as school or hospital and etc, housing space around 1000 - 1500 sqft, high quality cleaning service, efficient lift service and three bedrooms with two bathrooms house design. This study can shed some information on improving policy on new affordable housing in near future. Developers can take consideration in their next affordable house project to enhance customer’s

satisfaction and receive more award from the government.

In terms of academic research, it is yet to found what are true preferences on affordable house as the attributes may differ from times to times and locality as referred to previous studies. Some thorough investigation are worth to be develop to fill the gap in literature body. The comparison between supply side (developers’ side) preferences also worth to be taken into consideration. There is might be some preferences and concept that are preferable by the developers to build the affordable house scheme. Comparing with demand side (purchaser’s decision) will make study interesting to be carried out to gain

new insight between supply versus demand

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