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## **THE LOW-MIDDLE INCOME HOUSING CHALLENGES IN MALAYSIA**

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### **Abstract**

Homeownership is recognised as one of human needs. However, in the 21st century, homeownership remained as one of the greatest challenges in most developing countries, and Malaysia is no exception. Housing for everyone remained an issue in Malaysia. Homeownership for the low to medium income group (LMIG) is getting difficult overtime. Questions raised on the competency of the existing housing policy in catering the uprising needs to house the LMIG. This study aims to explore the challenges within the housing policy and its implementation, and to identify ways to overcome those challenges. Opinions from four major stakeholders in the housing sector; the federal government, the state government, non-governmental organisations, and academicians were solicit using focus group interviews protocol. The results point-out three major concerns- 1) loose connection between the federal and state government, 2) mismatched of housing policy, and 3) inadequacy of financial system and poor demographic profile. Subsequently, four alternatives were proposed to address the issues raised- 1) one-stop center that operates above the differences between the governments, 2) establishes the social infrastructures before Affordable Housing in sub-urban/rural area is approved, 3) government's active interventions on affordable house pricing, and 4) public awareness on homeownership through education.

**Keyword:** affordable housing, housing policy, homeownership, low-medium income group.

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## **INTRODUCTION**

Housing is fundamental to sustain a country's welfare (Shi, Chen, & Wang, 2015; Zainun, Ghazali, & Rawan, 2015). A constant development of a country's socio-economy is associated with a well performed built environment (Colesca & Alpopi, 2011). For instance, the degree of homeownership is highly correlated with the quality of social relationship (Glaeser & Sacerdote, 2000; Tech Hock Tan, 2009). Haurin, Parcel, and Haurin (2002) reveal that children of homeowners tend to portray a mature thinking and behaviour. These conclusions further strengthen the importance of homeownership towards quality social relationship and parenting. In fact, Mulder (2004) has asserted that homeownership provides greater security for individual and family members. This is certainly relevant when owning a house is meant for securing the retirement stability, and as an inheritance to pass on next generation (Cheong, 2015). However, housing industry in developing countries faces challenges in terms of its provision and affordability (Ram & Needham, 2016; Shi et al., 2015). Homeownership is the biggest debt of a household or individual expenditure which constrains the housing affordability in urban cities (Quigley & Raphael, 2004). In addition, it is worth noting that Malaysia records the highest household debt among the Southeast Asia countries in 2015 (A. L. Tan, 2016). Subsequently, provision of affordable housing (AH) has become a critical challenge in urban cities of developing countries (Ram & Needham, 2016; Shi et al., 2015; Yang & Chen, 2014) and urban Malaysia is no different (Kamal, Hassan, Osmadi, & Fatah, 2015; Shuid, 2008; Zainun et al., 2015).

In addition, provision of affordable housing remains as a great challenge in urban Malaysia, and the rapid hike of house price has deteriorated the scenario (Shuid, 2008; Zainun et al., 2015). For instance, Surach (2014) reveals that a house in the urban Malaysia (i.e. Kuala Lumpur) can easily cost up to 56 times of the household income, assuming that a household income reached RM14,580 (USD1= RM4.03). Citing a news report featuring an interview with the managing director of Khazanah Research Institute Malaysia covered by Habib (2015) reveals that new housing scheme in Kuala Lumpur were marketed at RM500,000 to RM1 million in 2014, which the affordable house price is at around RM280,000 only. In a recent annual report released by the Central Bank of Malaysia (2016) revealed that the gap between the house price and the income has expanded overtime since 2012 to 2014. In addition, a market study conducted by the Khazanah Research Institute (2015) reveals the housing market in Malaysia is considered seriously unaffordable, in which Terengganu, Kuala Lumpur, Penang and Sabah are among the worst. While the mismatched between household income of the LMIG and the housing price remain unsolved in the near future, question raised on the competency of the housing policy and its implementation in handling these challenges.

At the same time, the imbalance of supply and demand continually worsen the scenario. For instance, the Treasury secretary-general of Malaysia reveals his concern on the shortage of AH in which providing the high-end housing schemes are preferable by the developers (Tan, 2016). The mismatch between housing supply and number of households has increased to 2.5 million-unit houses in 2015, as compared with 2.1 million in 2005 (Central Bank of Malaysia, 2016, pg. 33). Central Bank of Malaysia (2016) further predicts a roughly 85,911 unit of houses shortage for each year in 2010 to 2015. Furthermore, only 21% of housing scheme launched in 2014 were marketed below RM250 thousand, and this price is relatively higher than the affordable house price for Malaysian, which is RM165, 060 only (Central Bank of Malaysia, 2016, pg. 34). These conclusions further imply the shortage of AH in Malaysia remain unsolved, particularly the urban cities.

Despite issues in housing provision remained, the federal and the state government of Malaysia are working together in strategizing policy and programmes to cater the shortage of AH. Several remedies were introduced to ease the shortage of AH such as the introduction of the 1Malaysia People's Housing scheme (PR1MA) and The People's Housing Programme (PPR). Yet, question remains unanswered on why Malaysian, especially those in urban cities are not affordable to own a house despite the country is well aware on the market and economic challenges (e.g. supply and demand, unit of houses). In fact, the Urban Well-being, Housing and Local Government Ministry of Malaysia has recently proposed that housing developers are allowed to offer housing loan, at 12% to 18% of interest rate to those who failed to secure the bank loan (Babulal, 2016; Habibu, 2016). However, this strategy received critics from the professional boards, financial institutions, and the non-governmental organisation (NGO). Such drastic decision made by the Malaysia's government further suggests the affordability remained as one of the greatest challenges in Malaysia.

A mismatch occurs between the earning ability of people and the current housing price offered in the market. The current housing price does not consider the household income, or vice versa, a fact that makes owning a house difficult. Therefore, it is reasonable to argue the competency of housing policy for AH in Malaysia. Thus, this study aims to identify the problems within the housing policy for AH and its implementation. The finding of this study will improve the internal circulation of the government in strategizing, implementing, and housing policy strengthening the existing housing policy.

## **HOUSING PROVISION**

Housing provision for low income group in Malaysia has begun since its independence in 1957. The housing policy shifted from 'homeownership' to 'shelter for all'. A 'shelter for all' does not required the commitment of high

investment and loan repayment to the bank (United Nations Human Settlements Programme, 2008). The Malaysia's government introduced the privatisation policy in 1980s which allows the private housing developers to build and deliver houses, ranging from high-end to low-cost housing. To date, the privatisation has resulted 80% of housing provision to the country. In addition, the Guideline of the National Housing Department, Housing Article 4 demanded at least 30% of low-cost unit, based on the total unit of medium-high cost housing, must be delivered, and sales from these higher-cost housing unit should be used to subsidise the development of low-cost housing. In line with the housing policy, the National Housing Policy was then introduced to 1) deliver sufficient and quality houses for the low to medium income group (LMIG), and 2) improve the financial strength to own or rent a house through house price control (National Housing Department, 2010). However, AH in Malaysia remained questionable, and homeownership is difficult overtime.

#### **AFFORDABILITY TOWARDS HOMEOWNERSHIP**

Housing is associated with welfare facilities, it determines the household or individuals' dependency towards the country and families in acquiring their needs (Doling & Ronald, 2010). Therefore, the numbers of homeownership potentially constitute the welfare of a country. Subsequently, affordability to own a house has become an important predecessor towards the nation's welfare. Two indicators determine affordability of a household, they are expenditure and income (Aziz, Hanif, & Singaravello, 2011). Affordability is the financial capability of a household to purchase/own a house. AH should offer quality houses at reasonable price in matching the LMIG (Ram and Needham, 2016).

In the context of housing market in Malaysia, the median-multiple index or known as price-to-income ratio (PIR) was used to determine the level of affordability towards homeownership as advocated by the World Bank and the United Nations (Central Bank of Malaysia, 2016). Through this indicator, an affordable house price should not greater than 3 times annual household income of the applicant. To further interpret the median-multiple index, the Annual Demographia International Housing Affordability Survey categorised affordability into four groups-1) affordable ( $PIR \leq 3.0$ ), 2) moderately unaffordable ( $PIR 3.1-4.0$ ), 3) seriously unaffordable ( $PIR 4.1-5.0$ ), and 4) severely unaffordable ( $PIR \geq 5.1$ ) (Demographia International, 2016). Similar classification method was used to evaluate the housing market in Malaysia (e.g. Central Bank of Malaysia, 2016; Khazanah Research Institute Malaysia, 2015). According to these classifications, housing in urban Malaysia are considered severely unaffordable (Central Bank of Malaysia, 2016). Table 1 illustrates the comparison of PIR in urban Malaysia between 2012 and 2014. Urban cities such as Kuala Lumpur and Pulau Pinang show drastic changes of PIR in 2012 and 2014, from 4.9 to 5.4, and 4.1 to 5.2 respectively (refer to Table 1). However,

housing affordability in Malaysia (PIR=4.4) is slightly lower as compared to its neighbour such as Singapore (PIR=5.0) (Demographia International, 2016). It is worth noting that Singapore has severe land limitation as compared to Malaysia but Singapore has shown a controlled housing affordability overtime (Demographia International, 2016). These further imply the affordability towards homeownership requires immediate attention, especially in the urban cities.

**Table 1** House Price-To-Income Ratio for Urban Cities in Malaysia

| Cities       | 2012 (PIR) | 2014 (PIR) |
|--------------|------------|------------|
| Kuala Lumpur | 4.9        | 5.4        |
| Pulau Pinang | 4.1        | 5.2        |
| Johor        | 3.7        | 4.2        |
| Selangor     | 3.6        | 4.0        |
| Malaysia     | 4.0        | 4.4        |

Source: Central Bank of Malaysia (2016, pg. 35)

The LMIG has many to concern in affording a house. The rise in house price is inconsistent with the change in income, affordability, and provision (Hashim, 2010). The forecast compound annual growth rate (CAGR) for next 3-years, 8-years, and 13-years among the urban Malaysia shows severe mismatch between the average household income and house price. For instance, the CAGR of house price index is 0.4% higher than the average household income after 13-years. Same case applies to other urban cities such as Selangor and Pulau Pinang. In fact, the CAGR of house price index increased to 7.9% while the average household income increased to 7.3% only during 2009 and 2014 (Central Bank of Malaysia, 2016). This scenario reduces the capability in securing a housing loan and mortgage repayment. In fact, such challenges were not rare to other developing countries such as China and India (Shi et al., 2016; Ram and Needham, 2016). Previous studies revealed that the involvement of private sector in providing AH is among the remedies towards AH, and Malaysia is no exception. However, the lack of AH remains as a great challenge in the country despite the involvement from both the public and private sector. Subsequently, the government plays an important role as a catalyst or driver towards AH (Atterhög, 2005; Central Bank of Malaysia, 2016; Hulchanski, 2003; Quigley & Raphael, 2004; Ram & Needham, 2016; Shuid, 2008, Mohamed Osman et al, 2017).

### **ROLE OF THE GOVERNMENT TOWARDS HOMEOWNERSHIP**

Housing is a long-term agenda that associated with a nation's urban development, social and economic policies, either in developed or developing countries. Therefore, housing is handled or planned by its own unique policy that ensure 1) the housing quality is delivered, 2) the allocation of housing is performed in a unbiased manner, and 3) the housing provision is reasonable (Hulchanski, 2003). In addition, the objectives of housing policy are achieved through government's

role in 1) monitoring the legislation that defines the financing system such as banking, mortgage lending and tax, and 2) developing regulation that can decide/change the building materials, professional practices, and financial aid programmes for the average households (Hulchanski, 2003). Furthermore, Atterhög (2005) found a correlational relationship between homeownership and government aid where the higher rate of homeownership is associated with greater help from the government. Similarly, Ram and Needham (2016) revealed that developers in India agreed that the government should act as a catalyst and driver to improve the housing provision. These agreements further imply the importance of government in monitoring and improving the housing affordability and provision.

The government of Malaysia is divided into 1) federal government, and 2) state government. On behalf of the federal government, the Ministry of Housing and Local Government Malaysia (MHLG) is empowered to propose and build an affordable housing scheme (AHS) for the low-income group throughout the country. On the other hand, the state government is empowered to set rules and manage residential lands under its governed state (Teck Hong Tan, 2013), and to determine its implementation of housing policy (United Nations Human Settlements Programme, 2008). This housing policy includes conversion of land use, provision of low-cost houses, and levy on foreign ownership. The state government in Malaysia monitors and is involved in the housing provision through its State Economic and Development Corporations (SEDCs) (Shuid, 2008). In addition, through the Town and Country Planning Act 1976, local authority is empowered to 1) guide, lead, and assign development project, 2) form collaboration with housing developers in monitoring the house price that matches the LMIG, 3) set rules and development charges, and 4) control and manage the development of its respective state.

Agus (2002) stated that the most common complaints of the public sector are the delays in the processing and approval of applications for land development, conversion, subdivision and the issuance of titles. These matters are the formal responsibility of the State PTG and district land offices. The government intervenes in the housing market by urging the private sector to take the leading role in the provision of houses, including the low cost, as well as the deregulation of the approval of large massive housing projects brought about by several issues and problems related to the mismatch of housing demand and supply, housing delivery and built environment (United Nations Human Settlements Programme, 2008). House prices in Malaysia have soared to exorbitant levels in major cities, and even the middle class cannot afford to own a house or an apartment (Consumer Association of Penang, 2014). The report of the Consumer Association of Penang (2014) stated that the majority of Malaysians need affordable homes, but developers are supplying houses that are unaffordable. The report further described developers as preferring to cater

houses to investors and speculators who would buy to rent or invest in the property and would reserve the best units for clients who would purchase multiple units even before the project is officially launched. At the same time, the concept of industrialisation for the construction industry in Malaysia has been strongly supported by the federal and state governments. However, the concept is still ineffective in overcoming the housing shortage and solving the problems of increasing prices of raw materials, such as cement, steel bars, bricks and timber, all of which affect the ability of housing developers to hold down the house prices (Agus, 2002). Thus, it is reasonable to suggest that both state and federal government are facing difficult situations in handling housing issues for LMIG.

## **RESEARCH METHOD**

This study began with an explicit review on previous empirical studies, government documents/reports, news reports, and non-governmental organisation (NGO) reports. Due to the nature of this study is to explore and discuss the challenges and implementation of housing policy in Malaysia, the social constructionism (i.e. qualitative technique) is preferable as compared with positivism. Subsequently, a focus group discussion (FGD) protocol was used to discuss the adequacy of housing policy and its implementation. Focus group was chosen as the method as enables interaction amongst the participants and researchers (Marczky, DeMatteo, & Festinger, 2005). Focus group discussion allow a deep understanding of the issue from different perspective. According to Sekaran and Bougie (2013), the sessions of a focus group aim to obtain the impression, interpretations and opinions of respondents. In this focus group discussion, the moderator plays a vital role in steering the discussions in a manner that draws out the information sought and keeps the members on track.

While the low-medium income group is the 'victim' of the housing affordability, this study decided to investigate these issues from the perspectives of the policy makers. Thus, a discussion guide was developed from the secondary data analysis. A purposive sampling technique was adopted to ensure the respondents are able to offer informative, unbiased, and explicit inputs. The selection criterions of participant are as follows- 1) experienced in monitoring and handling housing issue, 2) involved in execution of housing policy at federal or state level, 3) closely connected with the house buyers, and 4) capable to evaluate and comment on the current issues in housing provision in Malaysia. As a result, a total of 15 representatives from the state government, federal government, NGO, and independence commentator (i.e. academics in real estate) were agreed to participate in the FGD. The participation of the federal and state government in the FGD improved the validity and representativeness of the results.

The participants were grouped into two FGDs. Each FGD used a duplicated discussion guide and was chaired by two moderators. Table 2 presents

the participants' profiles. The FGD was last for about 90 minutes. The FGD followed the procedures suggested by Sekaran and Bougie (2013) and Kumar (2011). Similar techniques to conduct and manage a FGD were found in previous housing- and urbanisation-related studies such as Kamal et al. (2015); Yusof, Shafiei, Yahya, and Ridzuan (2010) and Mohamed Osman et. al (2017). The FGD was taped and transcribed for further evaluation and interpretation. Keywords were identified and grouped into relevant components.

**Table 2 Respondents' Profiles**

| Representative           | Group 1 |                                    | Group 2 |  |
|--------------------------|---------|------------------------------------|---------|--|
|                          | N       | Position/Designation               | N       | Position/Designation                       |
| KPKT <sup>a</sup>        | 1       | Senior Assistant Director -General | 1       | Principal Assistant Director -General      |
| MBPP <sup>b</sup>        | 1       | Deputy of Planning and Development | -       | -  |
| MPSP <sup>c</sup>        | -       | -                                  | 1       | Senior Assistant Director of Town Planning |
| SUK <sup>d</sup>         | 1       | Assistant Administrative Officer   | 1       | Assistant Administrative Officer           |
| NAPREC <sup>e</sup>      | 1       | Secretariat                        | 1       | NAPREC Expertise Panel                     |
| CAP <sup>f</sup>         | -       | -                                  | 1       | Research Officer                           |
| HBA <sup>g</sup>         | 1       | Secretary General                  | -       | -  |
| Independence commentator | 1       | Researcher (Prof.)                 | 1       | Researcher (Dr.)                           |
|                          | 1       | Researcher (Assoc. Prof.)          | 1       | Researcher (Dr.)                           |
|                          | 1       | Researcher (Senior lecturer)       | -       | -  |

*Note: 1=Federal government, 2-4=State government, 5-7=NGO, <sup>a</sup> Ministry of Urban Wellbeing, Housing and Local Government, <sup>b</sup> City Council of Penang Island, <sup>c</sup> Municipal Council of Province Wellesley-Penang Mainland, <sup>d</sup> Penang Secretariat Housing Division, <sup>e</sup> National Real Estate Research Coordinator, <sup>f</sup> Consumer Association of Penang, <sup>g</sup> National House Buyers Association*

## RESULTS

The FGD reveals 3 major aspects that require extra attention from the federal and the state government, there are 1) a loose connection between the federal and state government, 2) mismatched of existing housing policy, and 3) inadequacy of financial system and poor demographic profile.

### **A Loose Connection between the Federal and State Government**

An effective government role is associated with a healthy housing provision (Hulchanski, 2003; Atterhög, 2005). This further implies that the success of a housing system is in fact determined by the govern party. In the context of Malaysia, the govern parties are differentiated into two different level, the federal and the state government. However, both FGDs suggest there is a severe loose connection between these governments in response to the implementation of the housing policy. For example, the principal assistant director from KPKT (federal) in group 1 claimed there is no acknowledgement made to the federal government by the state government on the changes made to the housing policy. Same finding was discovered in FGD group 2 when both the officers from the state and the federal government failed to deny that the delay in approving the advertising permit and developers' licence (APDL) was in fact due to poor communication among the federal and the state government. APDL is a prerequisite license that



must first be approved by the federal government, then the state government. These conclusions were further supported by the independence commentator in group 1. The statement is as follows:

*“The federal and state (government) relationship, in fact this is the main contributor to the house prices... because the relationship to some extent will actually push up the prices... when you (either state or federal government) try to complicate it, what is the cost involved here...”*

The independence commentator (group1) explains the poor relationship will only complicate the approval process, and this delay ultimately makes AH became difficult. This statement was well supported by the rest of the panels (group 1). In addition, Kok Wah Loh (2010) has already addressed the importance to practise a two-way communication of federalism while conflicts remained within federalism in Malaysia. The unorganised communication between the state and the federal government has delayed the development process which indirectly raised the total development cost (Khoo, 2016). In fact, the slow response of government in Malaysia is not uncommon (Yusof, Abu-Jarad, & Badree, 2012), and the lengthy process is one of the constraints towards provision of AH (Ram and Needham, 2016). Delay in securing the necessary approval and permit does not in line with the nation's policy in providing AHS, and it is reasonable to argue that the current poor practice is against the housing policy.

### **Mismatched of Existing Housing Policy**

Previous study revealed the importance of a strategic housing location towards living style and desire to own a house (Lyndall & Chris, 2012; Teck Hong Tan, 2013; Wang & Li, 2006). However, the FGDs highlight mismatch existed within the housing policy, and this inconsistency refers to the location of the AHS and the price control mechanism. For example, the officer in the Municipal Council of Province Wellesley-Penang Mainland (Group 2) claimed that most of the AHS, low cost housing in particular was built on sub-urban or rural area. He stated that:

*“...developers would locates the low cost schemes in unwelcome location, at the end of the area/site (sub-urban/rural area)...”*

These sub-urban/ rural areas are lacked of social infrastructures and fundamental facilities such as public transport, retail shops, clinics, and schools. Teck Hong Tan (2013) further explains that distance between a housing scheme and its workplaces, schools, and other facilities decide the decision to buy. Subsequently, FGD in group 1 explains the importance to establish a series of

build-in infrastructures at the surrounding housing scheme located at sub-urban/rural areas. The independence commentator in group 1 stated:

*“...this is all about holistic planning... if you (the governments) want to focus on decentralisation (housing scheme located at sub-urban/rural area)... but before you do that, the government should build the infrastructures... do it before the need is coming...”*

The AHS built at the sub-urban/rural areas failed to cater the fundamental needs of LMIG if the surrounding facilities and infrastructures remained overlooked. This situation will increase the financial burden of those owning and staying in these AHSs. This is in fact against the purpose of Malaysia housing policy to help the LMIG. Extra expenditure and time are spent to cater the daily activities and needs such as workplace, school, and grocery needs. The secretary general from the National House Buyers Association (HBA) (group 1) asserted that government should have provided these facilities and established the public transport services if these AHS are to be built at sub-urban/ rural areas.

The FGDs also revealed the mismatch of the housing price control policy. This input was delivered by the secretary general from the HBA (group 1) as follows:

*“...they (federal government) don't control the price, that's for the developers to declare the prices...that's only to notify them (the federal government). Initially they (federal government) have no control of housing prices...”*

The secretary general further explains that the Ministry of Urban Wellbeing, Housing and Local Government (KPKT) has no authority to control the house price declared by the housing developers. In fact, the KPKT only acknowledged about the price. Similar finding was found in FGD group 2, as the Principal Assistant Director from KPKT explains that the ministry only monitors the selling price proposed by the housing developers. The officer is concerned about the large disparity of price range allowed for AH project. The statement is as follows:

*“There is monitoring stage which is the minimum and maximum housing prices, but with a big gaps”*

In current practice, the selling price for AHS is range between RM160, 000 to RM400, 000. However, recent study revealed that house price marketed in 2014 was ranging between RM500,000 to RM1 million in Kuala Lumpur (Habib, 2015); only less than 25% of housing scheme in Malaysia launched in 2014 were selling at less than RM250 thousand, but the selling price is only

affordable at around RM165 thousand (Central Bank of Malaysia, 2016). The secretary general (HBA, group 1) stated:

*“...the disparity (minimum and maximum selling price) is too big for the developers to manipulate...”*

It is questionable when the government has no right to intervene the selling price for AHS whereas prices for others such as oil and gas, and electricity in Malaysia are well-controlled by the government. At the end, the existing housing policy deviated from its main purpose to house the unaffordable group. While the housing policy remained unchanged, advantages have been taken by the developers to make greater profit instead of providing AH.

### **Inadequacy of Financial System and Poor Demographic Profile**

The FGDs expressed their concern on the mutual relationship between the existing financial system and the buyers' demographic profile. For example, the secretary general (HBA, group 1) expressed:

*“...I have checked with a lot of bankers...they were (applicants) just not qualified...”*

The senior assistant director (KPKT, group 1) added:

*“...it goes back to the buyers also, they should be responsible, and the government can't give each individual (a house) if they are not eligible to make a loan or own a house...”*

The officer further explains the risk of bankrupt if the financial institution loosens the loan approval. This is in accordance with the fact that housing loan in Malaysia consumes large portion of a household income, and statistics showed loan repayment for homeowners are getting difficult overtime (Central Bank of Malaysia, 2010). Recent studies also suggested there is a severe imbalance between the household income and house price in Malaysia (Central Bank of Malaysia, 2016; Surach, 2014). The expertise panel from the National Real Estate Research Coordinator (group 2) expresses her concern on the consideration to provide financial aids for the affordable house buyers, she stated:

*“...By providing the financial aid to people will increase the demand and raise the pressure in the housing market...”*

The expertise panel (group 2) asserts that the effectiveness of financial aid is highly depends on its implementation, whether the financial aid can really

reached the LMIG. Therefore, a good policy should serve with an effective implementation. In fact, Shuid (2016) commended that financial aid from the government should not be taken as a long-term strategic towards AH in Malaysia. The aforesaid implies that financially subsidised the LMIG would never solve the challenge in homeownership or provision of AH.

## **DISCUSSION**

The FGDs conducted outlined the aspects that required attention from different parties, ranging from house buyers, financial institution, and to the government. First, the poor connection among the federal and state government is not uncommon in Malaysia because of different political ideologies, and in fact this situation will remain unchanged in the near future. Perhaps asking the governments to work more closely and consistently can be difficult or less possible. Therefore, an independent system (i.e. no political background or agenda) or a one-stop centre should be introduced in synthesising the communication between these governments. The new system or centre should act as a catalyst to neutralise the differences and improve the implementation of the housing policy. In addition, this allows the public and developers to receive a consensus information on the housing policy, at the same time to monitor the selling price offered by the housing developers. The active involvement of NGOs (e.g. HBA, NAPREC) into this system/centre can be helpful to safeguard the quality and performance.

Second, location is an important factor in housing development. However, asking the developers or government to provide AHS in the prime zone can be challenging and difficult in term of its implementation. Therefore, the government plays important role such as establishing the social infrastructures before a housing project in sub-urban/rural areas is approved. This is to ensure those who are staying in sub-urban/rural areas can assess to these facilities, especially the public transports that travel between their workplace and home. However, the direct involvement of government in providing these facilities, in which financial injection is necessary can be difficult in the long-run (Shuid, 2016). Shuid (2016) calls upon the more involvement of private sector. Thus, a mixed-development can be a solution to ensure these housing scheme successes in sub-urban/rural areas. However, the success of this project requires the consensus between the government and housing developers.

Third, the FGDs agreed there is a need for the government to intervene and monitor the proposed selling price by the housing developers of AHS. This is in accordance to Shuid (2016) where government should be able to intercede accordingly on issues related to housing provision. However, neither the state nor the federal government possessed the right to revise the proposed selling price of AHS. Thus, it is advisable to amend the existing price range, revise the maximum and minimum price for AHS according to location and household income.

However, the following question is- what is the revised maximum and minimum price for AHS that matches current state of housing provision in Malaysia? This is to avoid the housing developers to take advantage of the wide disparity of existing price range for AHS.

Last but not least, a paradigm shift is necessary for those who are looking forward to owning a house. Ironically, while homeownership is perceived as a human right, but question raised when an individual failed to secure the minimum requirements to fulfil this human right? Thus, neither the financial institutions nor the government (i.e. financial aid) should overly bear the responsibility and offers mortgage loan to those are just not capable in committing the repayment. In fact, previous studies already hinted subsidy from government is questionable in long-run (Ram and Needham, 2016; Shuid, 2016). Alternatively, the FGDs proposed the need to educate the public towards owning a house, starts from the fundamental change in terms of attitude, financial management, and basic knowledge. This is in accordance with Shuid (2016) that it is important for those who are staying in the public housing with the low monthly rental to start paying a higher public housing rental, or to own the house, otherwise the government subsidy will be difficult in future.

## **CONCLUSION**

The results of the focus group discussion conducted illustrate a significant need for both the federal and state governments to redefine the price of affordable housing to reflect the current market and review the concept of affordable housing in terms of location. Affordable housing should be located in an urban area that faces a serious issue of unaffordable housing prices. This study contributes to the body of knowledge by providing an in-depth overview of the housing policy and its obstacles in Malaysia and a developing country. In addition, this study delivers a clear message to the policy makers the weakness lies within the implementation itself. Shuid (2016) calls upon the revision of the housing policy, government roles, and financial assistances to further improve the effectiveness of housing market in Malaysia. While the challenges within the LMIG towards AH remained questionable, this study reveals that more can be done by other parties, especially the policy makers.

This study possessed limitations. Future FGD study may invite the participation of housing developers, real estate agency, and bankers to further explore their opinion as the stakeholders in the market on the status of AHS in Malaysia. With a qualitative technique (i.e. FGD), the findings are meant to provide in-depth explanation towards the challenges and implementation of housing policy in Malaysia rather generalisation of findings. Therefore, future study can adopt quantitative techniques and integrate a larger sample size to investigate the relationship between the aspects that are related to housing policy and the impact of the stakeholders (e.g. government, financial institution, buyers)

towards housing policy in Malaysia to provide a bigger picture of housing industry in Malaysia.

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