



PLANNING MALAYSIA:

Journal of the Malaysian Institute of Planners

VOLUME 21 ISSUE 3 (2023), Page 209 – 224

HOUSING AFFORDABILITY STRESS AMONG THE MIDDLE-INCOME (M40) GROUP IN JOHOR BAHRU

Azizah Ismail¹, Siti Nur Adila binti Mamat @ Ghazali², Wilson Rangga Anthony Jiram³

^{1,2} UNIVERSITI TEKNOLOGI MALAYSIA (UTM),

³ UNIVERSITI MALAYSIA SARAWAK (UNIMAS)

Abstract

A house as a place of residence plays an important role towards sustainable development and in improving the wellbeing of the population. The issue of housing, especially the supply and demand of low and low-medium cost housing in cities, rising house prices, quality of housing as well as housing stress has shown that housing is a critical issue that must be addressed. Housing stress usually refers to financial constraints, the reason for the inability to manage the cost of home ownership and housing expenses. Yet financial burden is not the only factor that can contribute to housing stress. There are two types of housing stress, namely physical and emotional factors that may impact negatively on the lives of residents. This paper discusses the affordability housing stress among the middle-income group (M40) that may contribute to housing stress based on a survey of 100 residents of the M40 group in Johor Bahru. The paper discusses the ability of households to rent or buy a house by considering affordable prices, the ability to repay financing, and sufficient income to meet the basic needs of life and a household.

Keywords: Affordability, housing stress, middle income group (M40), income, housing price

¹ Corresponding author E-mail: azizahismail@utm.my

INTRODUCTION

The issue of housing affordability is commonly associated with people of lower and middle incomes. This focus is in accordance with a concept in Malaysia's National Housing Policy known as "1 Keluarga 1 Rumah". This policy's goal is to provide adequate affordable housing for all people, particularly low-income, middle-income and other targeted groups.

Malaysians have a median income of RM 4,500 according to the Department of Statistics Malaysia (2014), showing that households cannot afford to purchase a house for more than RM 300,000 (Samad 2016). However, the cost of houses now exceeds affordability, especially for and M40 age groups, with prices ranging from RM 300,000 to RM 500,000 (NAPIC 2020). Furthermore, the number of houses the middle class is dwindling. According to Yusof (2019), low-cost housing units account for just 3.9% proposed by developers in completed urban areas. This means that the overall number of houses on the market is already inadequate to satisfy existing demand.

Based on the Department of Statistics Malaysia (2020), the average income for the M40 group in 2016 and 2019 was RM 9,619 and RM 10,959. While in Johor in 2016 and 2019 it was RM 6,890 and RM 10,879 (Department of Statistics Malaysia 2020). The 11th Malaysia Plan outlined that the M40 group is the driver of the country's progressive economic and social growth (Mohamed et al. 2020). Therefore, the problem of M40 housing ownership needs to be taken seriously to help this group own their own homes. Houses are considered affordable by the M40 group if they cost less than three (3) times the average annual income, according to studies by Hassan et al. (2019) and Kasmori (2018). As a result, the M40 group's affordable housing ranges from RM 225,900 to RM 250,000.

The problem faced by the M40 group is in terms of the provisions of the current Malaysian housing policy which focuses more on efforts to provide housing for the lower class without making efforts to provide affordable housing to the M40 group (Baqutaya et al. 2016). Furthermore, according to Melati et al. (2019) and Zamri (2020), the mismatch between supply and demand for affordable housing by the M40 group contributes to the problem of housing affordability stress. The M40 group also contends with the constant rise in house prices from year to year, especially in urban areas (Baqutayan 2014). Therefore, this paper intends to fill this research gap and investigate the issue further. This paper will study the level of affordability for the M40s to own a house. It will look at factors that influence M40 housing affordability stress to own a house, and the relationship between levels of affordability with factors that influence M40 housing affordability stress to own a house.