HIGH-RISE HOUSES OWNERSHIP AMONG YOUNG GENERATION IN THE AREA OF KLANG VALLEY

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ABSTRACT

The needs of shelter is vital to everyone, including the youth in between 18 to 35 years of age. Malaysia particularly is facing a big challenge in providing them with the facilities. The housing price movement are looked uncontrollable especially in the urban area, particularly in the Klang Valley. With the development of infrastructure in the transportation, like MRT its value up the property till it is out the thinking. Now, the youth are not only facing the problem of employability it is now add up with the difficulties of having their own shelter they called home. This research particularly looking at the positive possibility of them to have the hope through the new policy for the young people.

Keywords: Housing Policy, Affordability, Property Finance.


http://www.iaeme.com/IJCIET/issues.asp?JType=IJCIET&VType=10&IType=12

1. INTRODUCTION

Excessive house prices, especially in the city and the surrounding area, have caused young executives who have recently stepped into the working environment, making it difficult to buy a home based on their current income levels. Issues about the ability to own high-rise houses for low-income people are often discussed and addressed, by introducing Bantuan Rumah Rakyat 1Malaysia (BR1M) programs and so on. Providing affordable housing for low-income families has become a key issue in developing nations, where a majority of the population had an increasing and urgent need for more affordable (Al-Ruwaishedi 2019). Residential real estate provides housing for families, and is often the greatest source of wealth and savings for many of them (Masron et al 2016). In this era the wealth and the saving has become major problem for the youth to own a house, due to their commitment since they are still studying in the tertiary level of education.

However, the problem of the ability to own a high-rise house is more critical for low-income young people because the conditions for buying houses for these middle-income
people are limited because they are not eligible for low-cost housing, but at the same time, the current home prices are getting higher. The middle-income group is facing the dilemma of owning a home because the middle-income group is not allowed to buy high-rise and low-cost housing based on low-cost housing schemes that are intended only for low-income people. Also, young people face financial difficulties. A study by the Institute for Youth Research Malaysia (IYRES) also shows that only 39.7 percent of youths own homes. Meanwhile, the remaining 60.3 percent indicated that a large percentage of youths did not have their own homes. A study conducted by the Institute for Youth Research Malaysia (IYRES) in 2014 proved that the fact that youth in our country is financially burdened.

The purpose of this study was to identify the level or rate of affordability of homeownership for young people in urban areas through the development of an index of high-rise homeownership in urban areas. Next, this study will develop a strategic plan for affordable high-rise housing for young people in urban areas. Urban or suburban areas provide high-rise housing that is more affordable to the youth. However, it is essential to investigate the level of ability and offers that young people want.

2. YOUTH SCENARIO IN OWNING A HOUSE

A total of 12.8% is adequate to finance and 87.2% is inadequate financial levels for youths based on a study by the Institute for Youth Research Malaysia (2014) as shown in Figure 1 regarding youth financial status based on government-subsidized rationalization study.

![Figure 1](http://www.iaeme.com/IJCIE/index.asp)

**Figure 1** Youth Financial Position Based on Government Subsidized Rationale Study.

(Source: Institute for Youth Research Malaysia, 2014)

A study by the Institute for Youth Research Malaysia (IYRES) also shows that only 39.7% of youths own homes. Meanwhile, the remaining 60.3% indicated that a large percentage of the youth did not have their own homes, as shown in Figure 2.
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Figure 2 Status of Youth Home Ownership.
(Source: Institute for Youth Research Malaysia, 2014)

Whereas 43.1% of youths allocate over 40% of their monthly income and 34.4% of youths allocate 20% to 40% of loan repayments (including housing and land loans) as shown in Figure 3. Although these loans include other types of investments such as loans, cars, or personal, given a conclusion of most youths have spent more than 30 percent of their income on loan repayments. This is positively affects their financial burden as Bank Negara Malaysia has mandated that repayment of housing loans should be no more than 30% of individual monthly income (BNM 2014).

Figure 3: Percentage of Youth Monthly Loan Payment
(Source: Institute for Youth Research Malaysia, 2014)

A study conducted by the Institute for Youth Research Malaysia (2014) shows that the fact that youths in this country are financially burdened. This situation must also involve the young executive group. This is because as explained, young executives are part and parcel of the youth. The study by the Ikhwans Hazwah Hamidun and Ahmad Shakerman Shamsuri (2014) on a survey conducted by Jobstreet on 2,062 respondents of Malaysian graduates with an average salary of RM 2,500 a month shows that their difficulties in coping the rising cost of living.

About 77% of respondents said they did not have enough money left to make savings because they had to cover personal expenses. Respondents cut their spending by 63%, equivalent to RM 1,500 for car loan repayments and PTPTN loans as well as oil and toll costs. From the research, the issue clearly shows that young executives are at a financial disadvantage, especially in starting life after stepping out of the ivory tower. The modest wage levels, rising cost of living, exceptional job opportunities and concentrated in urban
areas are sure to brighten the lives of young executives. Therefore, this situation will impact this group of people to have their own home. This shows the real scenario of homeownership in Malaysia for young executives where the salary is beyond the ability to buy a home at the current housing market price.

According to online newspaper MyMetro on July 10, 2019, the lenders of the National Higher Education Fund Corporation (PTPTN) that has been blacklist on the Central Credit Reference Information System (CCRIS) are now in a position to own their first home. Minister of Housing and Local Government, Zuraida Kamaruddin said the group would be removed from the list and exempted from restrictions if they had a desire to buy a house. The current policy for young people in Malaysia for homeownership is the National Affordable Housing Policy, which was launch on January 28, 2019. The National Affordable Housing Policy is a sub-policy of the National Housing Policy 2.0. Together with the National Community Policy aimed at improving the well-being of the people, this policy also provides quality, affordable housing for the people, especially for the B40 income group (below 40%). The plan is a follow-up after the launch of the National Affordable Housing Council (NAHC) by the Prime Minister of Malaysia. Best practices from developing countries such as Singapore and Hong Kong used as strategic plans for Malaysia. National Housing Policy 2018-2025 National Housing Affordable Housing Policy is one of the subsections under the DRN 2018-2025 framework, which outlines standards, specifications and guidelines for affordable housing development, especially for the B40 group. About 10,000 transit houses will be built for the young and M40 in the city to resolve ownership issues.

The government has implemented various housing policies following the standards and capabilities of each community. Affordable housing is intended to ensure that the accommodation provided is affordable by each income group, whether low-income, medium-income and high-income groups (Suhaida, 2010). The primary purpose of housing policy is to create a situation where everyone can have a comfortable home based on the standard of living. Housing policy is a line of action taken by the government to influence the housing sector to achieve a specific goal. The three main housing issues faced by the middle-income group are housing prices, housing loans and housing schemes (Baikutaya, Ariffin & Raji 2016).

Young people face many challenges, especially as newcomers in the job sector (Zyed et al. 2016). According to Hochstenbach & Boterman (2015), in most western cities, youth housing opportunities are decreasing as a result of housing market reforms and declining affordability as a result of the gentrification process. In the urban areas where the cure has deteriorated has led to an increase in new forms of housing. Housing construction in urban areas is changing towards vertical development compared to horizontal (Tawil, N.M. et al, 2019). The implementation driving of these policies and housing policies by the common objectives of homeownership which the Malaysian government wants to achieve (Julhi & Abdul Hadi, 1999). Various government programs have been introduced to meet current housing needs. One of the newly implemented programs is the 1 Malaysia Housing Program (PRIMA). The program is the government's aspiration to ensure affordable housing for the middle-income group, especially in cities and suburbs, which involves households earning between RM2,500 to RM5,000 a month in 2014 and rising to RM15,000 for household income in 2017. The program aims to help low-income people but not more than RM6,000 a month regardless of those who work with the government, private or self-employed by offering home prices of between RM150,000 and RM300,000 per location (Harian Metro, 2011). Although the range of household income rises from RM5,000 to RM15,000, with the aim that the middle-income group has a more excellent choice of home types, it contributes more to the rise in house prices.
The issue of rising home prices is often a concern, especially for young home buyers who are new to the world of work. Given the sheer volume of income, the possibility of owning a home for this group is quite tricky. Although the government has now stated a 10% deposit on the price of a home is no longer required to be paid to the housing developer (Shaharudin Idrus, 2011), the average house price is relatively high compared to the total income of the population and is accompanied by rising prices the need to thwart the efforts of young people to get a home.

A study by the Khazanah Research Institute (KRI) found that housing prices in the country are either low or very expensive based on international standards, which is 4.4 times higher than the average annual average salary of Malaysians. The percentage of residents in Selangor for 2011 was 40% of the people of Selangor earning less than RM2500, another 40% having between RM2500-RM5000, another 15% having between RM5000-RM7000 and only 5% of those making more RM7500. Besides, LPHS in 2012 has conducted a study on the maximum payroll ability to buy a home with the monthly repayment estimation on their income and the current loan rates.

In the relationship between income and housing eligibility limits for Kuala Lumpur in 2000, It is noteworthy that the homeownership limit for low-cost homes ranges from RM 499 to RM 1,999. Currently, low-cost homes put their ceiling prices below RM 42,000. The modest cost is between RM 42,001 and RM 85,000 (DBKL, 2002; Tawil, 2008).

3. CONCLUSION
The index of the affordability of homeownership of young people in urban areas is necessary as a benchmark for the level of homeownership ability in each metropolitan area to ensure that the level of homeownership increases through the strategic plan of affordable housing for young people in urban areas. In this research, four urban areas is the main focus of the study: Kuala Lumpur City Hall (DBKL), Subang Jaya Municipal Council (MBSJ), Petaling Jaya City Council (MPPJ), Penang Island City Council (MBPP). Studies on the policy of homeownership of young people referenced through strategic plans, the United Kingdom, Korea, Poland can assist in the development of a strategic plan of homeownership such as rent or sharing schemes introduced in the UK and Korea shows there are significant different in between countries..

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