

Designing Basic Housing Floor Plan to Solve House Pricing Issue for Middle-Income Citizens

A.R. Musa, N.M. Tawil, A.I. Che-Ani, H. Basri and M.A. Mokhtar
EVOSUL Research Group,
Faculty of Engineering and Built Environment,
National University of Malaysia, 43600 UKM Bangi, Selangor, Malaysia

Abstract: The current price increase for residential homes has assumed a place as a serious issue in recent years. House prices have escalated for the past 15 years and the increase has been drastic for a lot of urban areas in several states. The issue of affordability of houses for low-income earners are often has been discussed and attention by the relevant parties. But, the problem of the ability to own a home that experienced more critical are for the middle-income. Due requirement for buying house for the middle-income group are limited because they unqualified to buy a low-cost houses but unfortunately the price of medium cost houses currently skyrocketing high. Among the factors for this increase which can be resolved and examined in this study would be the design intricacies and the price increase of construction materials. Therefore, this study will introduce the approach of basic house concept design as an avenue to overcome any issues concerning price increase. This concept is adopted as a step towards reducing the market price for houses, by reducing the use of interior construction materials but at the same time allowing the owners to add some space in the future, according to their needs. Space addition can be done horizontally and vertically whereby space or room addition can be carried out by building one's own interior walls and adding another storey to the house, without affecting the house's original structure. The basic housing design approach is a strategy in providing a landed affordable housing for middle income citizens where this concept offer a home with a bedroom, kitchen, toilet and living.

Key words: House price, middle income citizen, basic home design, residential homes, kitchen

INTRODUCTION

In ensuring that every community obtains their accommodation, various housing policies and regulations have been implemented by the government by status and affordability. Affordable housing seeks to ensure that the houses provided are reasonably priced, for all income groups, be it those with low income, middle income and high income (Suhaida *et al.*, 2010). The main goal of housing policies lies in creating an environment where everybody can afford to have a comfortable home, according to their status and which tailors to their current lifestyles. Housing policy serves as an action plan formulated by the government to influence the housing sector towards a particular goal. This implies that the housing policy does not necessarily point to resolving housing issues. Policy implementation also housing policies are motivated by the home ownership democracy objective that the government aspires to achieve. Various government programs have been introduced to meet the housing needs of the present one implementation of the

new program is 1 Malaysia Housing Programme (PR1MA). This program is the aspiration of the government to ensure affordable housing for middle income groups, especially in urban and suburban areas, involving households earning between RM2,500-5,000 a month. Program is designed to help middle-income groups but not >RM6,000 a month, regardless of those who work with the government, private sector or self-employed, offering home unit price ranging from RM150,000-300,000 by location.

The exorbitant prices of houses have always been of interest to young, would be house buyers who only recently step foot into the working world. With meagre income, the chance for them to own a house would be slim. Although now-a-days, buyers no longer have to pay 10% deposit from the total price of the house they plan to buy to housing developers, yet house prices, most of which are very high, especially when compared to the population's total income and the increased prices of basic necessities will hamper the youngsters' effort in obtaining a landed property.

Luxurious homes which often been attractive for the developers, come in the form of terrace houses as the returns for this type of houses would be high. Luxurious homes costing 1 million and above are determined to cost as such, by some individuals who have large capital and who open the market to foreigners. Those who can afford the houses must have chosen the homes due to its good reputation when it comes to providing comfort to the whole family. Nonetheless, those with moderate income sometimes find it too overbearing and find themselves unable to afford to live in the urban areas due to their exorbitant prices. Nonetheless, as people tend to pursue perfection, of course those with middle income would dream of having luxurious homes to call their own. Terrace homes with reasonable prices should be made available so that people with moderate income can have equal opportunity to own the homes. In this vein, studies on affordable houses for middle-income people can significantly help resolve any emerging conflicts, other than not prolonging the anxiousness among this younger population to have their own terrace homes.

Literature review: The increasing house prices in main cities in Malaysia have become a cause for concern among house buyers, especially those residing in developing urban areas (Hamzah *et al.*, 2011). Based on the statistics issued by the National Asset Property Information Center or Pusat Maklumat Harta Tanah Negara (NAPIC) the house market price which accounts for the highest increase until the middle of 2010 is the Klang Valley areas, followed by other areas in Sepang, Gombak, Klang and Hulu Langat. Other states also follow suit, especially developing ones like Selangor, Penang and Johor as shown in Fig. 1. Home ownership issues have become a hotly debated issue in the housing sector all over the world including Malaysia. One reason that can explain, this is the fact that the market price for houses, for people with middle level of income, experiences a drastic increase within the period of 15 years and there are also states which house price escalating, as proven in their city areas (Hashim, 2010).

The issue concerning house-purchasing affordability, for people with middle income has always been talked about and given due consideration by certain parties, evidenced by the introduction of various home subsidy programmes and so on. This is even more critical for those with moderate income simply due to the limited requirements for them to purchase low-cost houses, other than the rising prices for these houses. In the rough calculation, if the house price is RM150,000 then the owner would have to apply for a bank loan of RM135,000

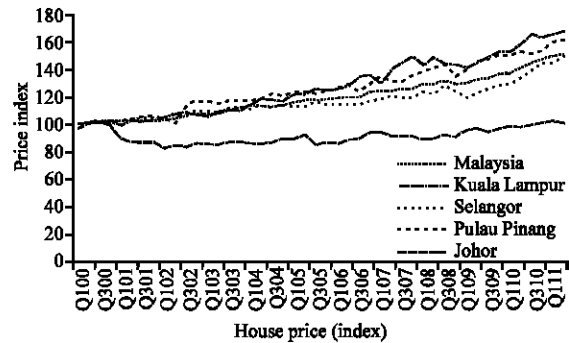


Fig. 1: House pricing index which experiences increase for Kuala Lumpur, Selangor, Penang and Johor; National Asset Property Information Center (NAPIC), 2010

after a deduction of 10% deposit (RM15,000) in average the housing loan would be for 20 years, therefore roughly, the monthly payment that should be made totals RM1015. Based on this condition to ensure loan approval, the monthly loan repayment should be 30% from the owner's salary, therefore in this situation, the owner must have salary not <RM3,045. This leaves the middle-income population at the pedestal, since the majority of them have income within the range of RM3,000-6,000 a month and based on their eligibility, they should be able to afford a house with the cost of <RM240,000. However simultaneously, the house pricing offered by the developers around this time is more than that even reaching and exceeding RM400,000 (Khan *et al.*, 2012) for Kuala Lumpur as illustrated in Table 1. From Table 1, it has been shown that middle income people can only afford to purchase houses in rural or sub-urban areas and as proven in Table 1, the places are Kelang, Hulu Langat and Negeri Sembilan.

Such a condition has made it difficult for them to surpass the qualification requirements prescribed by the bank in regard of financial loan. Based on a study carried out, the people with middle-income can be categorised into three; namely people with low-middle income, middle-middle income and upper-middle income (Wan *et al.*, 2010). Such segregation further provides proof that people with middle income, especially young executives are in dilemma and have to confront a critical issue upon purchasing a house. It is almost inevitable, thus that purchasing and owning medium-cost homes would constitute a problem, simply as aforementioned, researchers have been presented with the increasingly expensive medium-cost houses, especially in large cities. This is exacerbated by the fact that the middle-income population represents the major population in large cities due to the urbanisation factor mentioned. It is a sad fact,

Table 1: The comparative table of house pricing for the (Kuala Lumpur), Selangor and Negeri Sembilan

States	District/Territory	Q1	Q2	Q3
Kuala Lumpur	Section 1-100, Mukim	499,475	599,505	678,443
	Kuala Lumpur and Mukim Ampang			
	Mukim Batu, Mukim Setapak and Mukim Ulu Klang	313,301	332,919	306,507
Selangor	Mukim Petaling and Mukim Cheras	384,060	408,168	390,846
	Petaling	372,354	400,767	395,216
	Kelang	181,273	185,192	187,586
	Gombak	224,113	227,342	218,153
Negeri Sembilan	Hulu Langat	199,855	209,046	211,595
	Seremban	140,009	136,897	131,474

APM (2010); Terrace House Pricing by District/Territory

however that they seem to have been prevented from owning a home, especially landed property situated in large cities. The market price which goes beyond their affordability, forces them to seek for other alternatives in order to fulfil the demands of their lives. The housing price's drastic increase is said to be explained by several internal and external factors in the construction, such as the global construction materials' price increase, the increasing rate of labour force, design intricacies and several other factors (Hamzah *et al.*, 2011).

Despite a number of programmes launched by the government aiming to aid these people, for instance 'My First Home Scheme' if the prices remain unrealistic, this scheme will still be deemed unable to help the middle-income group and the last resort for them is only to rent or settle for storey homes like the apartments. Middle-income people need to find their own ways in owning a home, merely due to the fact that they are not allowed to buy a home and low-cost houses based on the policy whereby the low-cost houses are only entitled for people with low income. As the effect, people having middle income can only manage to own storey homes, renting or opting for residing in sub-urban areas away from their workplace, probably located in the surrounding states.

Study objectives: The primary objective of this study is to look into the affordable houses intended for the middle-income group, especially young executives. In relation to this, this study will elaborate on the issue of housing price increase for the middle-income group and further suggesting on the next studies that can be conducted, towards addressing this crisis. It will also highlight the design concept or strategies, to mark the effort in reducing the existing prices of landed properties. Nonetheless, this study only serves as an early exposure of the new concept of housing to the community and further studies need to be done to investigate the actual

costs of construction and preventing hidden costs or additional costs which need to be incurred on the owners. This can contribute to escalating house prices and unnecessary profits for developers; both of which are preventable in the first place. This study is seen to be able to contribute to the body of knowledge and understanding over the level of housing affordability for the middle-income group and the variables influencing the capability of middle-income population to own their first medium-cost houses.

MATERIALS AND METHODS

To fulfil the purpose of this study, several approaches have been adopted to obtain both the primary and secondary data. The methods adopted to derive the primary data are through survey, field work, interview and observation. In the meantime, to obtain the secondary data, researchers have been going through theses, journals, articles, interviews and so on. Every method employed is aimed at reaching the objectives and fulfilling the goals set in the study.

Library studies and observation are regarded as practical towards examining the related issues in detail and determining sustainable construction materials and housing design methods thought to be appropriate to be integrated in the housing design which is able to reach high GBI. Interviews and survey analyse the degree of affordability of middle-income citizens in owning medium-cost houses, focusing on terrace, semi-detached houses and the variables influencing the affordability to own medium-cost houses around the Klang Valley. The issue of housing affordability often concentrates on two main aspects, namely income and house pricing.

Researchers have conducted a survey on the level of acceptance of the society on the basic concept of self-change and evolution. Assessing the society's acceptance level is integral, as to ensure that this concept is well received by the society in addressing national issues and conflicts.

The method of field work stands as a way to examine the factors of the existing house price increase from the aspect of the actual cost of construction. This field work materialises by looking closely into the already-available terrace houses' designs that have been fully constructed and further making assessment and carrying out the simulations together with the additional costs involved in the terrace houses' construction, so that these unnecessary costs that should be shouldered by the building owners can be identified. The flow chart of the study method can be shown in Fig. 2.

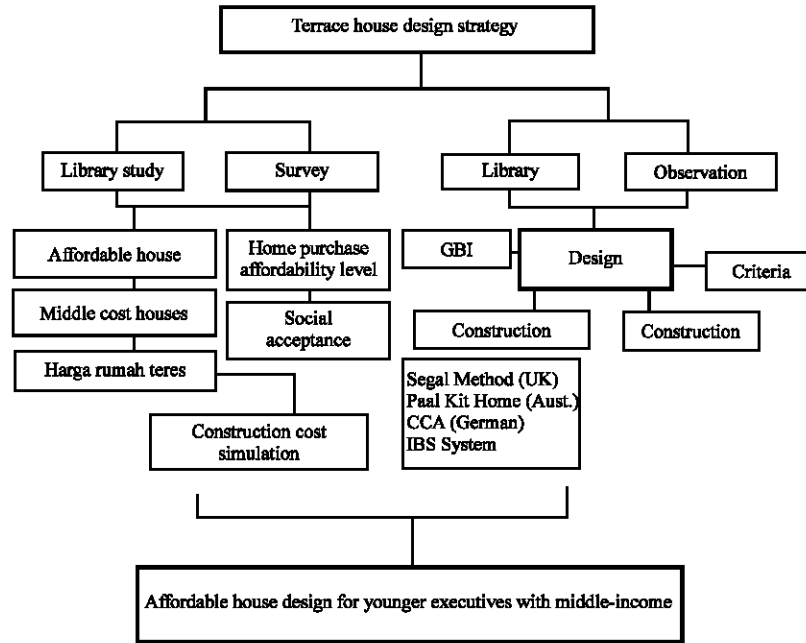


Fig. 2: Flow chart of research methods

The basic house design concept: The aim of this study is placed on developing the new concept of housing which applies the concept of sustainable design affordable by the middle-income population with concentration on their affordability to own their own homes, at the early phase of settling down and working. In this research, several approaches will be introduced towards enabling this young generation with middle income to have their own homes. Among the concepts proposed is the basic home concept or the flexible plan concept whereby owners are free to add space or room if needed, according to their own affordability and convenience. The concept of basic housing seeks to ensure that the prices offered in the market are low and affordable, whereas the second concept of self-built flexible plan is a concept whereby owners can rearrange and renovate their own rooms from the basic houses provided for them. This concept actually serves as a strategy to give the opportunity to the middle-income earners to own landed homes like the terrace houses with reasonable prices. Next, the aim of this study is to propose a sustainable, affordable design for these earners through the application of the flexible plan concept. This concept is illustrated in Fig. 3 where it sets the target to fulfil the current needs of these people, as in reasonable housing prices, using sustainable construction materials, owners can choose to renovate or add the interior spaces or rooms, according to current needs and to add the number of rooms or spaces to cater for the increasing number of family members.

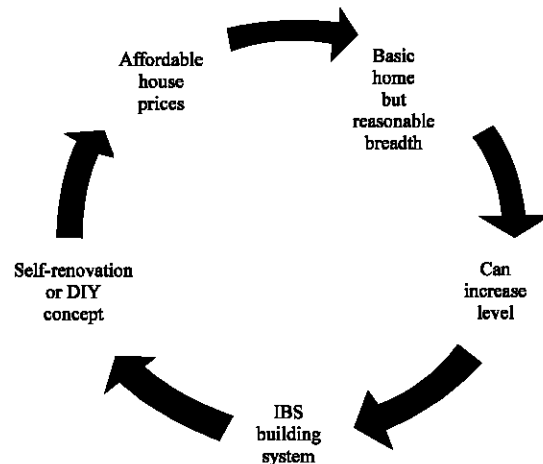


Fig. 3: The home concept proposed

The design strategy recommended is by suggesting the concept, design and the framework of development strategy of the landed property for people earning middle income, to overcome the problem of escalating prices of houses in Malaysia currently and in the future. The concepts proposed (basic homes or flexible homes) will allow the homes to evolve horizontally and vertically (Fig. 4 and 5). This concept makes allowance for the addition and renovation of houses based on current requirements and desires of the owners, such as when their families have grown larger.

The young earners will be able to own their own landed houses at an affordable price and still being able

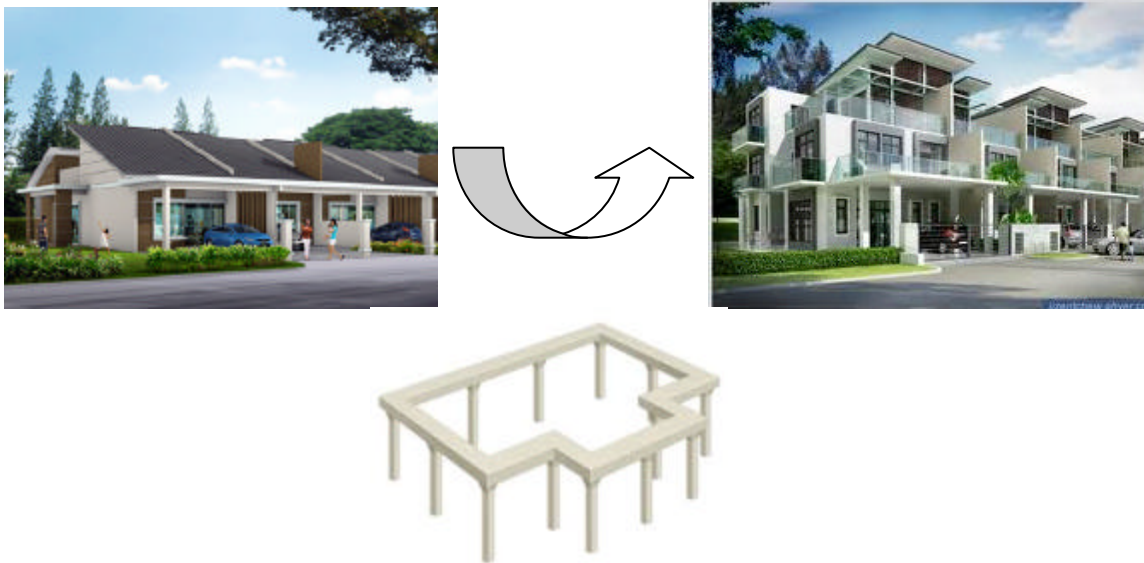


Fig. 4: The concept of a home with vertical evolution

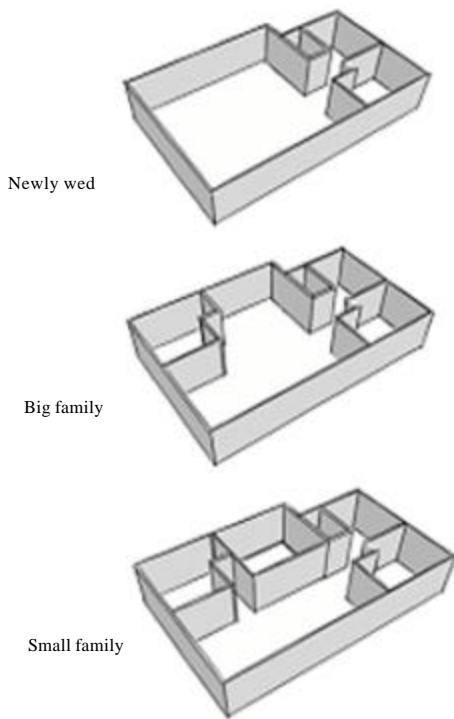


Fig. 5: The concept of a home with horizontal evolution

to obtain basic houses and expand according to needs, like adding more rooms without involving wet construction and adding the storey to 2 or 3 storeys without affecting the existing structure of the house. By examining the level of acceptance of the Malaysian community, especially young executives, construction structure, construction costs and minimum span of the

land, this concept should be able to overcome the issue of affordability among the young executives when it comes to being in possession of their own landed property.

This is due to the fact that the outcome of this study expects that the proposed houses would stay at prices found affordable by people with middle level salaries.

CONCLUSION

Owning a home, after food is a basic essential for everyone, irrespective of the level of income that they have. On this realisation, this study is decided to be done seeing that the house price increase crises have become increasingly persistent for the past 3 years. The issue of construction material price increase stands prominent as the main speculation in house price increase, yet the government steps up by taking the initiative to address the issue by targeting the middle income citizens. Therefore, this study proves to be significant to aid the people who earn middle level of income, especially the young executives to be in possession of landed property with the adaptation on the current environment, especially the economy. This certainly lightens everyone's burden, especially those living in urban areas who are always pressured with various financial obligations. It is hoped that this study can help the country in handling issues pertinent to the increasing house price whereby the younger citizens who earn moderate income (RM3000-6000) are only eligible and qualified to own storey homes like the apartment with the price <RM 200,000. This study anticipates for this younger generation to be eligible to own landed property with

affordable prices. Everyone should be entitled to enjoy the comfort of their own homes as stressed through home ownership democracy, indicated by the conviction that home ownership is in line with human natural desire to have their own assets and properties, for security and as a vehicle to prove that their basic rights can be enhanced.

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