

FACTORS TO FACILITATE PRIVATE DEVELOPERS IN FINANCING AFFORDABLE HOUSING FOR LOW-INCOME GROUP IN KLANG VALLEY

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ABSTRACT

Affordable housing has become the main issue of concern among Malaysians, especially those from low-income background in Klang Valley. Limited housing supply in key areas within Klang Valley due to no interest from private developers has forced low-income people to live far from their workplaces. It is considered unprofitable by many private developers because of heavily regulated policies sanctioned by the government, decentralization of affordable housing agencies, and requiring specific design, which can drive the cost of development. Furthermore, access to home financing for low-income people is limited due to their current economic situation and financial constraints. The research focuses on the factors to facilitate private developers in financing and the possibility for the private developers to venture into a home financing structure and analyze other possibilities and solutions that can be implemented with the collaboration between the developers and government.

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INTRODUCTION

The discussion of affordable housing in Malaysia can be traced back to the independence of Malaya in 1957 as the government's priority government to reorganize the settlement across the country (Aziz, 2018). Today, affordable housing programs are varied with both states and the federal government having jurisdiction over this matter. Generally, affordable housing can be intertwined with the socioeconomic and construction development landscape as it is closely influenced by income, expenditure, and the nation's economy (Ying Xin, 2019). This is because the affordable housing segment has targeted the lower-income group in Malaysia.

Affordable housing in Klang Valley is the subject of responsibility of the Selangor State Government and the Federal Government under the Ministry of Federal Territories. In Selangor, Rumah SelangorKU (RSKU) program was established in 2014 as a scheme for eligible Selangor residents in buying their first home at an affordable price (Afiqah et al., 2020). The RSKU is focused on B40 and M40 thresholds that accounted for 17% and 37% of households in Selangor (DOSM, 2019). RSKU scheme is varied between districts, particularly in type and size of housing as some districts are more densely populated than others. Besides, the developments of RSKU housing are carried out by the private developers as an agreement in the state policy. The state government has imposed a percentage of RSKU to be built by private developers for every residential development project (Lembaga Perumahan dan Hartanah Selangor, 2019). This policy has helped the distribution of affordable housing in the more desired location around Selangor and increased the supply of affordable housing in the state.

The Residensi Wilayah or formerly known as Rumah Mampu Milik Wilayah Persekutuan (RUMAWIP) is a federal government initiative to build 80,000 units of affordable housing throughout the Federal Territory of Kuala Lumpur, Putrajaya and Labuan by 2020 (Rahim et al., 2019). It is administrated by the Ministry of Federal Territories in collaboration with private developers. Currently, most of Residensi Wilayah's projects are located in Kuala Lumpur due to the high demand for affordable housing units. Like RSKU, Residensi Wilayah is targeted to B40 and M40 thresholds that accounted for 80% of households in Kuala Lumpur (DOSM, 2019). Residensi Wilayah has a consistent policy and guidelines for private

developers. As mentioned, the Residensi Wilayah program is a collaboration between government and private developers, so there is no obligation for developers to build Residensi Wilayah in Federal Territories. The price for Residensi Wilayah is fixed between RM 250,000 to RM 300,000 and the location is usually concentrated in southern Kuala Lumpur such as Bandar Tun Razak and Bukit Jalil.

The affordable housing system is decentralized and fragmented which may expose its vulnerability in the future. Comprehensive financial support is needed to assist lower-income households to buy affordable housing units. Although the eligible borrowers are more than 70% (Su Ling et al., 2017), it does not reflect the reality faced by other low-income individuals. It is important for the government, developers, and financial institutions to be more cooperative in solving this issue. This is to ensure the individuals who bought the affordable housing are not being defaulted due to housing loans. Thus, developers can play their roles to be mediators to all parties as they have a consequential influence on the affordable housing segment. The study will focus on how the developers can assist in the financing of affordable housing for low-income people in Klang Valley.

LITERATURE REVIEW

Affordable Housing

The definition of affordable housing is varied, depending on the nation's economic situation at that time. In general, affordable housing is defined as the housing price that does not exceed 30% of the household income (Aziz, 2018). Housing is a fundamental aspect of human rights, and everyone should be able to access it without any restrictions. The concept of affordable housing is always associated with social housing, but both are in different categories with different target markets.

Most governments around the world provide social housing only for those with very low and low incomes with only rental options available (Kraatz, 2019). However, affordable housing is targeted at low and moderate incomes people with more choice of design and location with the option of

either rental or ownership. Given the current fiscal limitation, it is unlikely for the government to fund all those housing programs (Kraatz, 2019). The collaboration between government and private sectors is common in western countries with the establishment of a housing trust. Figure 1.0 shows the spectrum of the housing continuum from the International Housing Association (IHA). This spectrum helps the stakeholders understand the differences between affordable housing and other types of housing programs.



Figure 1.0 Housing Continuum from International Housing Association (IHA)

Source: International Housing Association (2017)

In Malaysia, the history of affordable housing can be traced back to the country’s independence with the introduction of low-cost housing under the ‘Five Year National Plans’ (Aziz, 2018). The government has established Urban Development Authority (UDA) to assist the government authority in low-cost housing, ensuring everyone can live in decent housing with basic infrastructure. A notable example of public housing in Kuala Lumpur was Pekeliling Flats in Jalan Tun Razak in 1960 (Alawag et al., 2021). The modern history of affordable housing in Malaysia is more complicated because the responsibility of housing is under both federal and state government’s jurisdiction. It needs to consider demand and supply, household incomes, land availability and accessibility before developing affordable housing.

Here, housing affordability can be measured by using the median multiple methods. This measurement is based on the ratio of median house sale prices to median household incomes (Galster & Ok Lee, 2021). The method would be measured based on the current media housing prices and median household incomes of the respective countries. This method would help the public and policymakers to clearly understand the state of housing affordability that happening in their respective countries. Table 1.1 shows the house price-to-income ratio and how the rating of the affordability severity works.

Table 1.0 Median Multiple Approach: Affordability Thresholds

Rating	House Price-to-income Ratio
Severely Unaffordable	5.1 & above
Seriously Unaffordable	4.1 to 5.0
Moderately Unaffordable	3.1 to 4.0
Affordable	3.0 & below

Source: Megat Muzafar & Kunasekaran (2021)

Demand and Supply of Affordable Housing

The supply and demand of affordable housing have widely been discussed as most cities around the world are struggling to provide sufficient affordable housing to their residents. In fact, only 13% of the cities across the globe have sufficient affordable housing (Lateef et al., 2019). Failure of providing adequate affordable homes may lead to an increase in homelessness in urban areas. For instance, San Francisco is now facing the worst affordable housing supply forcing low-income people to either move out of the bay area or simply live in the substandard house (Tran, 2021). The current supply of affordable housing in San Francisco is insufficient and they need at least 700,000 units of affordable homes in the future (Karlinsky & Wang, 2021).

In Malaysia, there is limited evidence of homelessness problems due to a lack of affordable housing. This is because the statistics published by DOSM generalized all shelter standards under one category (Ismail et al., 2015). However, there is evidence of a mismatch between the supply and demand of affordable homes that currently happening nationwide. On the supply side, the structure of affordable housing delivery has failed to address the needs of the people, while on the demand side, the slow income growth has led people to choose affordable housing rather than normal market offers (Su Ling et al., 2017).

The problem of the mismatch is more apparent in the major urban area in Kuala Lumpur and Selangor. The constant influx of migration from other states to Klang Valley has significantly increased the demand for affordable housing. However, the supply side is unable to deliver the amount of demand due to different interests from stakeholders. Here, developers and financial institutions have significantly influenced in the decision-

making of developing affordable housing. For instance, Residensi Wilayah and Rumah SelangorKU are both collaborations between developers and the government. While the government may introduce the policy and requirements, the developers may have a certain influence in deciding the location and design of the houses (Afiah et al., 2020). The developers would prefer the selection that can reduce the cost as the construction and development cost of affordable housing is also expensive. It is normal for developers to think about creating revenues and profits for their business (Zairul, 2019). As a result, private developers were more interested to build high-end residential properties and creating a surplus in that segment (Ramli et al., 2020). Therefore, cooperation and collaboration from stakeholders are necessary to ensure the well-ordered delivery of affordable housing.

Developers' Role in Financing Affordable Housing for Low-Income People

Developers are directly involved in home financing under housing trusts in western countries. This creates a mutual understanding and trust between stakeholders and the developers to be able to build the housing without much bureaucracy from the government. For example, in the United States, the housing trust is established to provide dedicated funding for affordable housing and allow more flexibility in financing. This method has successfully attracted private developers and other private sectors under their corporate social responsibility program (Flink et al., 2021). The participation of developers in the affordable housing segment is voluntary in America, as the federal policy has shifted to public-private arrangements in which private companies would build and manage the social welfare housing (Hoffman, 2016).

Developers play a major role in housing development in Malaysia with more than 70% of the housing supplied by private developers (Lateef et al., 2019). Therefore, it is important to understand the developers' perspectives and how developers can assist in terms of financing affordable housing for low-income people in Klang Valley. Indisputably, affordable housing is a risky business as the developers must sell the housing based on the price cap sanctioned by the government. For instance, Rumah SelangorKU is capped at RM 250,000 (Afiah et al., 2020), while Residensi Wilayah is capped at RM 300,000 (Ministry of Federal Territories, 2021). These provisions

have discouraged developers to participate as the provision is not flexible and developers would bear all development costs. Therefore, the developers would prefer to build high-end residential as it is more profitable compared to affordable housing.

Although profitability is one of the reasons the developers have less interest in affordable housing, government regulations and bureaucracy force the developers to avoid affordable housing projects. The developer argued that affordable housing should not be heavily regulated as it might demotivate developers in venturing into this segment (Lateef et al., 2019). Thus, coordination from both developers and the government will help in increasing and rebalancing the demand and supply of affordable housing.

RESEARCH METHODOLOGY

The research has applied a case study approach as it investigates the phenomenon based on the real-life context to provide a better understanding and distinction between the study context and the real situation (Ebneyamini & Sadeghi Moghadam, 2018). The case study approach has a greater level of flexibility as it allows the research to be in-depth and focus on the specific area based on the research interest.

The objective of this research is to identify the factors to facilitate private developers in the finance of affordable housing for low-income people in Klang Valley. This research is to explore the possibility of developers assisting low-income people in financing affordable housing. The meaning of finance can be either housing loans or development costs. On the housing loan side, there is several evidence of loan-assisted programs for affordable housing such as the MyDeposit Scheme, Housing Loan Scheme and also relaxation of withdrawing EPF for buying a house (Olanrewaju & Chai Woon, 2017). However, those affordable housing schemes are still heavily regulated by the government as affordable housing is still considered a national interest due to the cost of development (Ariff et al., 2021). Furthermore, affordable housing in Malaysia is decentralized with more than 20 national and state-level agencies that provide affordable housing (Su Ling et al., 2017). Because of that, it is difficult for private developers to finance affordable housing, especially in an urban area like Klang Valley.

The research has selected in Klang Valley as the study area. This location is the centre of the nation's economy, and the demand for housing is higher compared to other states and districts in Malaysia. This can be seen in new launches and residential property transactions with 2,006 units of new launches of housing recorded in the 3rd quarter of 2021 (NAPIC, 2022). Besides, Selangor and Kuala Lumpur contributed the highest market share of housing transactions, with 48,755 and 11,129 transactions respectively (NAPIC, 2021). Furthermore, affordable housing programs such as *Residensi Wilayah* and *RSKU* are concentrated in these locations, with about 53,244 units of affordable housing available within those areas (Nordin, 2021). Strong demand and supply of housing in Klang Valley may attract more investment from developers and financial institutions and be able to take part in providing affordable housing for lower-income people (Ariff et al., 2021). Figure 2.0 shows the process of the research on the roles of private developers in the financing of affordable housing for low-income people in Klang Valley.

The research has conducted semi-structured interviews as the primary format in data collection as it provides a more flexible interview protocol between the researcher and respondents. This method allows the participants to explain in detail the topic discussed (Dejonckheere & Vaughn, 2019). Here, the respondents may express their thoughts and opinions regarding affordable housing in Klang Valley in a conversational environment. The respondents are selected based on their expertise and involvement in the affordable housing segment in Malaysia and Klang Valley. The selected respondents were the researchers from *Khazanah Research Institute (KRI)*, *Institute for Democracy and Economic Affairs (IDEAS)*, and *Centre for Market Education*. These organizations have been involved and partnered with the federal government and main developers in Klang Valley in affordable housing policy and research. All interviews were recorded either in video or transcript format, depending on the respondents' consent and preferences.

In this topic, the research has applied inductive thematic analysis, in which the content of a dataset guides the interpretation of data and the development of themes. Concepts and hypotheses are generated using the data analysis as a preliminary step (Kampira & Meyer, 2021). The research focuses on the factors to facilitate private developers in the financing of

affordable housing for low-income people in Klang Valley. Next, the interview questionnaire is prepared based on the research objectives. After the data is collected through the interview, the researchers analyzed the data by familiarizing themselves with the data, coding similar points and explanations, generating the themes, and reviewing the theme generated from the research. After that, the data would be tabulated and reported based on the themes applied.

ANALYSIS AND FINDINGS

Factors to Facilitate Private Developer in Financing for Affordable Housing among Low-income People in Klang Valley

There were two (2) themes identified in relation to the roles of the developers in financing affordable housing among low-income people in Klang Valley, which were cooperation, and Profit-motivated. All respondents have mentioned all with a detailed explanation. Figure 3.0 provides a brief description of the themes. A detailed explanation will be discussed in the next section.

Theme 1	Cooperation
•Emphasized on the cooperation between stakeholders in affordable housing segment to achieve the objective	
Theme 2	Profit-motivated
•Any development is made for the purpose of getting the profit and benefiting the company's shareholders	

Figure 2. Brief Description of the Theme

Source: Interview with the respondents

Cooperation in financing affordable housing for low-income people in Klang Valley.

The cooperation between government and private developers is necessary to ensure the effective execution of the affordable housing program. Historically, the government is the provider of affordable housing with the public housing, and subsidized housing such as PRIMA, and Residensi Wilayah (Aziz, 2018). However, the public housing project is usually controversial as it involves politics with greater chances of delay and

cancellation. On the other hand, developers are usually focused on private housing markets that targeted middle to high-class income households (Daud et al., 2022). As a result, more residential property above RM 500,000 has been built in the past few years compared to affordable housing as a result of developers' preferences in offering that segment (Ramli et al., 2020). Although this synergy seems fair for both sides, it is not sustainable for the long-term for the property market, especially in Klang Valley.

In recent years, developers are now more focused on luxurious living concepts to attract foreign investors from China and Singapore to buy properties in Malaysia under the 'Malaysia My Second Home' (MM2H) program (Khoon Ng, 2020). However, after the Malaysian Government imposed the travel restriction due to COVID-19, most of these high-end properties were unable to sell to the targeted market. As a result, it creates an overhang in the high-end residential segment, which can influence adversely the already uncertain property market in Klang Valley. Furthermore, the BNM announced the increase of the OPR rate to 2.25% to control the inflationary pressures that will affect the people to purchase the house by discouraging them from making housing loans as the loans become more expensive (Bank Negara Malaysia, 2022).

Based on the interview, the research found that all respondents have a certain degree of positivity regarding the cooperation between government and private developers. As affordable housing can apply Public-Private Partnership (PPP) concept, all respondents agreed that collaboration will help to solve the issue of affordable housing in Klang Valley. However, all respondents emphasized more on government involvement such as policies and finances as affordable housing is considered a public interest project. Due to heavily regulated and many obstacles, developers are less likely to enter the affordable housing segment (Ferlito, 2019).

There is a need for the government to formulate the regulation and be able to work together with the developers to deliver affordable housing. The cooperation between these parties can be made in many ways, especially when it comes to finance and policy. The idea of Real Estate Investment Trust (REIT) has been widely discussed (Ariff et al., 2021), which can be benefiting for both the government and developers by creating an investment opportunity and improving financing for the development cost of affordable

housing.

Private Developer is a profit-motivated corporation

It is well-understood that a company needs to make a profit to sustain its business and satisfy its shareholders. There is no issue for private developers in prioritizing the profitable project and making a profit from the affordable housing segment. All respondents agreed that profit motive is one of the key reasons the private developers have less interest in the affordable housing segment as they would focus on the private housing market (Daud et al., 2022), rather than affordable housing. Making housing affordable is not an easy task, considering a lot of the government regulations, and the rising development cost made it unfeasible for the developers to enter that segment. Furthermore, location also plays a major role as buyers prefer to buy a property that meets their personal needs (Abdul Fattah et al., 2018), which can be a premium area that unfeasible to build affordable housing. Therefore, there is a need for a suitable mechanism such as investment to attract developers in developing affordable housing. For instance, the affordable housing REIT is one of the potential proposals that can be implemented. REIT is a low-risk and long-term investment that can be a good investment either for individual investors or corporations. REIT emphasized the properties leasing in specific areas, especially in the suburbs as it has an optimal occupancy rate (Heng & Hwa, 2021).

Currently, Malaysia does not have REIT specifically for residential as all REIT in Malaysia are focused on commercial and industrial properties sectors (Ariff et al., 2021). However, Malaysia already had the REIT framework that can be utilized for residential properties, specifically in affordable housing. To clarify, REIT is suitable if the goal is to lease affordable housing properties, rather than own them. The cost-of-living factor may change people's behaviour from owning to renting an affordable home. For that reason, the idea of REIT for affordable housing can be taken into consideration by the developers as it can generate profit, while the property's value still increasing.

Additionally, the developers should focus on behavioural economies of residential properties, especially in affordable housing to ensure the profitability of the company. The buyer, particularly from a low-income

family will be more conservative in finding the right house mainly due to budget constraints (Tan, 2021). Furthermore, they will be more selective in finding a home, especially in terms of location and accessibility as they do not want to make a bad investment and risk with undervalued properties. Affordable housing can be a profitable segment if the developers and government work together based on their expertise.

Developer assistance for low-income group in financing affordable housing in Klang Valley

The three (3) themes identified in relation to the private developer assistance for low-income group in financing affordable housing in Klang Valley, which include liability, sceptical, and unresponsive. All respondents have mentioned all with a detailed explanation. Figure 4.0 provides a brief description of the themes. A detailed explanation will be discussed in the next section.

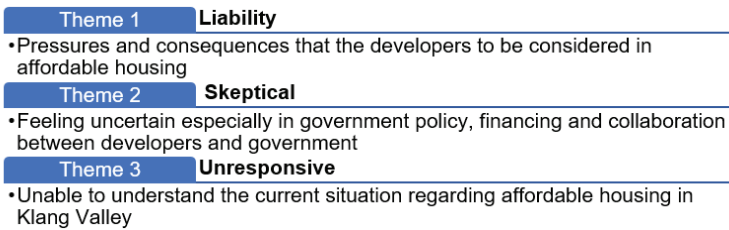


Figure 3. Brief Description of the Theme

Source: Interview with the respondents

Affordable Housing is a Liability for The Private Developer

All respondents had similar views in that affordable housing is considered a liability to the private developers due to being heavily regulated and unable to make a profit. As mentioned in the profit-motivated theme, private developers will prefer to build high-end residential as it generates profit for them. Other than that, the private property market is highly lucrative compared to heavily regulated affordable housing. Affordable housing is the federal and state government’s responsibility, and both governments can create and impose different affordable housing within their jurisdiction (Aziz, 2018). This makes private developers more difficult to enter the affordable housing segment as each state has their own set of

requirements and regulations to build affordable homes.

Moreover, the federal government can also build affordable housing on federal land within the state with different requirements. For instance, *Residensi Wilayah* is the federal government program for affordable housing in the Federal Territories, whereas *Rumah SelangorKU* is the state government program for affordable housing in Selangor. Both programs have a different set of requirements that the private developers need to adhere to. This has created a burden for private developers as they are the ones who need to bear the cost. It is highly impossible for private developers to be involved in the financing segment too as it may create another burden with more money needing to be allocated for the already unprofitable project.

In short, the affordable housing segment is considered a liability to the private developers due to the decentralization of affordable housing requirements and policy, which make it expensive and unprofitable in the long term. The government should revise the policy to ensure this segment can stay competitive with the private developers.

Skepticism in Affordable Housing

All respondents have different opinions on this matter when answering questions three (3), four (4), and five (5). Respondents 1 and 2 have similar skepticism towards the government in handling affordable housing issues, while respondent 3 was skeptical of both sides, the government, and developers on this matter. Skepticism towards the government in affordable housing can be observed in policy and finance matters.

Government priority in affordable housing is questionable. Although the government has a national policy for affordable housing such as *Dasar Perumahan Mampu Milik Negara (DPMMN)*, and other programs such as *Residensi Wilayah* and *Rumah SelangorKU*, it is still ineffective if the government failed to address the root cause of the affordable housing problem. For example, the disparity between median house prices and annual median household income has doubled. Median house prices are increasing rapidly from 2012 until 2019 compared to annual median income (Azuddin & Razak, 2019). Furthermore, many young Malaysians are being forced out of home ownership as housing prices continue to climb at a significantly

quicker rate than wage growth. Moreover, as the residential property costs got increasingly prohibitive to purchase, more Malaysians chose to rent (Azuddin & Razak, 2019).

Other than that, respondent 1 also pointed out the government's ineffectiveness due to political issues. The inconsistency of the affordable housing policy can affect the supply side with less affordable housing available in the market. There is a possibility both government and the opposition to come together in fixing the policy, but it might take some time for the government to do that, considering that affordable housing is still a debate among political parties.

Overall, skepticism among respondents regarding affordable housing is relatively similar, which focuses on the policy and financing structure provided by the government. The current structure may be effective in the short-term, but the policymakers are still unable to figure out the best solution for affordable housing problems in long term. Moreover, the political landscape has made the affordable housing policy difficult to be implemented due to the change of the ruling party of the government over the past 3 years.

Unresponsiveness in the Affordable Housing Market

The final theme that identified as the unresponsiveness of the private developers and policymakers on the affordable housing market in Klang Valley. Two (2) respondents have different opinions regarding this theme.

The research observed that the respondent emphasized the market behaviour among young adults in the housing market. She mentioned that young adult is more willing to be relocated anywhere for better opportunities. Therefore, they either prefer to rent or own a small house, compared to the older generation, where they preferred to buy a big house and stay permanently in that area. The concept of co-living is relatively new in Malaysia. This concept exists in response to the housing affordability crisis that happening in Klang Valley, and this concept allowed young adults to rent in an urban area at an affordable price and complete with all facilities (Christy & Hong Tan, 2021).

Young adult is more concerned with affordability and flexibility rather than luxurious living. This is because they just entering working life and need to adjust their financial and socioeconomic status. Therefore, the trend of the co-living concept is popular and always targets young adults as it provides greater flexibility and affordability to them (Christy & Hong Tan, 2021). However, respondent 1 pointed out that the majority of the private developers are still unable to understand the current market needs. Private developers are still more conservative, by focusing solely on luxurious living, rather than compact and affordable living. High-end residential is profitable, but Klang Valley has an oversupply of high-end residential properties.

It is complicated to understand the behavioural decision-making of homebuyers due to many factors that need to be considered and understood before the right idea can be implemented (Tan, 2021). She mentioned that different people have their preferences, and it is very difficult for developers to fulfil them all. However, if the private developers understand the trend, they can implement it without any risk from their investment.

On the other hand, respondent 2 pointed out that the policymakers unable to understand the real situation happening in the affordable housing segment. The problem of affordable housing in Klang Valley is due to the policy that is unfriendly to the private developers. For instance, Selangor State Government required Rumah SelangorKU to be built with specific sizes, designs, units, and densities based on the locality or districts in Selangor (LPHS, 2019). This requirement has burdened the private developers and it is mandatory to adhere to this policy. Therefore, the private developers usually either build affordable housing in a not strategic location or build affordable housing in Kuala Lumpur under the Residensi Wilayah program. This has created supply and demand issues that will affect the affordable housing segment in the long term.

The policymakers must understand the needs of the low-income people, especially those who live in an urban area like Klang Valley. Failure to understand their needs would lead to the affordable housing crisis, with low supply and high demand. Although there is a supply of affordable housing, private developers tend to build it outside of the strategic location due to government policy that makes it expensive for private developers to

adhere. Overall, both sides need to comprise when it comes to affordable housing. This issue is a never-ending problem that both sides must have a suitable solution that can be implemented in the short-term and long-term.

CONCLUSION

Overall, the role in financing affordable housing for low-income people in Klang Valley is exclusive to the government. The federal and state governments have greater power in deciding the best home financing for low-income people. In this case, the Ministry of Federal Territories (KWP) and Selangor State Government under Lembaga Perumahan dan Hartanah Selangor (LPHS) have the authority to amend and enact new policy regarding home financing of affordable housing under Residensi Wilayah and Rumah SelangorKU programs. However, the system is not perfect, considering there is no transparency on the approval and rejection rates available to the public. Furthermore, some argued that affordable housing is too politicized, making it too difficult to reach a deal. The government needs to collaborate with the stakeholders such as private developers and financial institutions to prepare a win-win policy for all.

The research fully understands that private developers, just like any other businesses, need to make profits to stay competitive in the property industry. Moreover, Klang Valley is already dense and limited land available for private developers to build affordable housing. Besides, private developers are less keen to enter the affordable housing segment due to being heavily regulated, government bureaucracy, and unprofitable. As a result, private developers in Klang Valley tend to build high-end residential properties that targeted upper M40, T20 and foreigners under MM2H programs with luxurious and comfortable living. Meanwhile, the affordable housing segment, especially in the housing market price range below RM 250,000 is declining due to this problem. Therefore, the government should provide an incentive to developers to be more interested in the affordable housing segment. There are a few solutions that have been discussed with the respondents such as affordable housing Real Estate Investment Trust (REIT) and Co-living concept. These solutions may attract private developers to build affordable housing as they can make a profit while offering an affordable price for the renters. However, these solutions are

not suitable for those who want to buy affordable housing property. Hence, both private developers and government can collaborate to develop a new approach to affordable housing.

Recommendation for Future Research

The scope of this research focuses on the roles of private developers in financing affordable housing and examines the relation to private developers' assistance to low-income people in financing affordable housing in Klang Valley. One of the future research projects that can be explored is investment opportunities in the affordable housing segment. The research has identified a few investment opportunities which have been discussed by other studies such as Real Estate Investment Trust (REIT) (Ariff et al., 2021). This type of investment has already been implemented in commercial and industrial properties. In Malaysia, most private developers have already the resources and knowledge in REIT industry. Therefore, the research on the effectiveness of implementing REIT for affordable housing can be considered in the future.

Other than that, another further research that can be considered is the establishment of a housing trust in Malaysia, particularly in Klang Valley. Housing trust has widely been established in western countries as an alternative to building affordable housing in more cost-effective. The system of housing trust is collaborative between stakeholders and each of them needs to contribute based on their expertise. However, Malaysia does not have a housing trust that can be used as a place for discussion and alternatives to building affordable housing. Thus, the research on the viability of housing trusts for affordable housing in Klang Valley can be explored for future research.

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CONFLICT OF INTEREST

The authors declare no conflict of interest.

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AUTHOR CONTRIBUTION

The authors confirm the contribution of the paper as follows: conception of the study, data collection, data analysis and interpretation and drafting of the article: Muhammad Shafiq Kamaruddin; review of the article: Norazmawati Md. Sani @ Abd. Rahim. All authors reviewed the results and approved the final version of the manuscript.

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