

Elements of Alteration in the Application and Ownership Process of the Affordable Housing Policy in Johor

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Abstract

The housing policy alteration requires a reassessment at the legislation level and the housing policy implementation to review the effectiveness of the existing housing policy. A surplus of over 8% of the low-cost houses from 27% of unsold houses is the main reason for the housing policy alteration in Johor. This study identified the elements of the alteration in the application and ownership process of affordable houses in Johor and evaluated the achievement of the housing policy alteration. This study combined qualitative and quantitative research. Interviews were conducted with the Johor Housing Development Corporation and developers. A total of 148 questionnaires were distributed to the applicants or owners of affordable houses in the Iskandar Malaysia region, Johor. The results of this study show that the housing policy alterations for the affordable houses in Johor have brought positive impacts to the housing provision, especially among the middle-income group; the target group for the State Government to implement the current housing policy. This study is significant in the policy-making process because it provides a preliminary assessment of Johor's affordable housing policy implementation, which has been implemented since 2012.

Keywords: Housing Policy, Policy Changes, Affordable Housing, Ownership Process.

Introduction

Providing affordable houses is one of the top concerns in both developed and developing countries. In accordance with the 11th Sustainable Development Goals (SDG) which aims to create comprehensive, safe, resilient and sustainable cities and settlements, the National Housing Policy 2018-2025 and the Malaysian Plans serve as the main guidelines for the government to improve the quality affordable home ownership. Purposely, the objective is to ensure the target groups (low and middle incomers) can afford to own a house.

In Malaysia, providing affordable houses has consistently been a key economic agenda to ensure socioeconomic stability (Siti Rafidah, 2018; Bujang *et al.*, 2010), promote nation building, and as one of the benchmarks towards achieving developed country status by ensuring people's access to adequate housing (Economic Planning Unit, 2012). However, Malaysia is still struggling to meet the demand for affordable houses, even as a new decade has begun. Norshafadila (2019) and Beer (2007) stated that providing adequate and affordable houses remains an ongoing global challenge which is caused by many factors, such as the complexity of housing policy in many aspects of the society like poverty and market dynamics (Bilal *et. al.*, 2019; Aziz *et. al.*, 2012), the current economic climate, location (Samad *et al.*, 2016; Woetzel, 2014), and the disparity between household income and housing market values (National Housing Department, 2018; Atterhog *et. al.*, 2009).

Malaysia's focus on affordable housing policy has evolved in response to housing needs over five distinct historical periods of the country (Aezhad, 2020), which are:

- i) After the independence period, from 1957 to 1970;
- ii) Housing to eradicate poverty, from 1971 to 1985;
- iii) Market-focused housing, from 1986 to 1997;
- iv) Squatters restructuring, from 1986 to 1997; and
- v) Affordable housing, from 2012 to the present.

A legislative monitoring procedure that examines the policy to determine its efficacy in light of the present demand is what led to the change in the policy. Policy modifications are implemented in accordance with the demands of the law and the nation's current circumstances. Bennett & Howlett (1992) defines policy change as incremental modifications in current structures or new and innovative policies. Dogaru (2018) and Vries (2010), on the other hand, describes policy change as the changes of ideas, assumptions, priorities and goals with a shift in dominant use of policy instruments and altered roles for actors within society and policymakers engaged in policymaking processes. In Ahmad Atory (2008)'s view, policy changes have taken place in a number of ways, i.e. the addition of changes to existing policies (incremental changes), the enactment of new statutes in specific new policies and the major shift in public policy as a result of the redistribution of elections (realigning elections). The alterations in Johor's affordable housing policy were made using the same methodology, based on the current requirements of the housing provision law and the present position of the middle-income group, which requires more affordable housing than the low-income group.

With reference to the National Housing Policy (2018 - 2025), Johor also has its own housing policies, known as the Johor Housing Policy (1997 - 2012) and the Johor Affordable Housing Policy (2012 - present). After a decade of the current policy's implementation, this paper serves as a pre-evaluation of the policy by focusing on the achievements of the application and ownership process.

The Landscape of Affordable Housing Policies and the Elements of Alteration in the Application and Ownership Process of the Affordable Housing Policy in Johor

The previous housing policy was formed with a focus on the provision of low-cost and affordable housing options. In 1997, the State Government introduced a housing policy that applied to housing developments covering more than five acres. This policy mandated that low-cost and medium-cost houses accounted for 40 percent from the total development (30 percent low-cost and 10 percent medium-cost). This policy was designed with consideration for the income levels of the residents of Johor at that time, as the majority earned less than

RM3,000 per household. Additional requirements for developments covering less than five acres are detailed in Table 1.

Table 1. The Requirements of Low-cost Housing Development

Requirement	Quota of Affordable Housing
Housing construction > 5 acres	40% of affordable housing
Housing construction 3 – 5 acres	20% of affordable housing
Housing construction < 3 acres	Exceptional

However, IRDA (2012) reported several problems that occurred during the implementation of the previous housing policy. These issues included a surplus of low-cost housing supply, housing provisions that did not cater the right target groups, increased pressure on the middle-income group, conditions of the houses that did not meet the buyer needs, a negative image associated with some low-cost houses, and non-strategic locations. Consequently, the State Government took the initiative to revise the existing housing policy in April 2012. The objective of the current housing policy, known as Johor Affordable Housing Policy, is to provide a comfortable, conducive, and affordable housing for both low- and middle-income groups, thus reducing the pressure on the middle-income earners who were previously ineligible to apply for affordable housing.

The alterations in the affordable housing policy in Johor were made based on the present requirement of the housing provision and the needs of middle-income earners, who require more affordable housing compared to lower-income earners. Some of the changes were dismantling house branding, adjusting the quota for each type of affordable housing, increasing the width of each unit, setting a ceiling on house prices, revising the eligibility criteria for applications, refining the target group of buyers, and modifying the allocation of provision programmes as shown in the Table 2.

Table 2. The Alteration of Johor Affordable Housing Policies (Previous and Current)

TYPES OF CHANGES	OF JOHOR HOUSING POLICY (1997-2012)	JOHOR AFFORDABLE HOUSING POLICY (2012 UNTIL PRESENT)
Rebranding of Housing Programmes	Low-Cost Housing (LCH) Medium-Low-Cost Housing (MLCH) Medium-Cost Housing (MCH)	Johor Affordable Housing A (RMMJ A) Johor Affordable Housing B (RMMJ B) Johor Affordable Housing C (RMMJ C)
Percentage Quota (%)	LCH – 20% MLCH – 8% MCH – 8% Medium Cost Shop – 4%	RMMJ A – 5% RMMJ B – 10% RMMJ C – 20% Medium Cost Shop – 5%
Area (Width)	LCH – 680 sf MLCH – 750 MCH – 850 kp	RMMJ A – 720 kp RMMJ B – 850 kp RMMJ C – 1,000 kp
Price (RM)	LCH – RM35,000 MLCH – RM50,000 MCH – RM80,000 Medium Cost Shop – RM150,000	RMMJ A – RM42,000 RMMJ B – RM80,000 RMMJ C – RM150,000 Medium Cost Shop – RM200,000

TYPES CHANGES	OF	JOHOR HOUSING POLICY (1997-2012)	JOHOR AFFORDABLE HOUSING POLICY (2012 UNTIL PRESENT)
Eligibility Application (Not Exceeding)	of	LCH – RM3,000 MLCH – RM3,500 MCH – RM4,500	RMMJ A – RM3,000 RMMJ B – RM6,000 RMMJ C – RM8,000
Target Group		28% - low-income group 8% - middle-income group	15% - low-income group 20% - middle-income group
Quota Provision		Low-cost and Middle-cost Housing	Affordable Housing

Source: Johor Economic Planning Unit (2012); Johor Housing Development Corporation (2023)

Table 2 illustrates that Johor Affordable Housing Policy has expanded the percentage of affordable houses available to the middle-income earners who were previously ineligible to buy low-cost houses and could not afford to buy house priced above RM200,000 per unit. The percentage of medium-cost houses has increased from 8 percent to 20 percent with the introduction of Johor Affordable Housing (RMMJ), specifically targeting the middle-income group. However, there is a slight difference in the affordable housing provision quota under the current policy, which applies to housing developments in city councils' zone. Meanwhile, for housing developments in municipal councils and district councils' zone, the focus appears to be more on RMMJ A and RMMJ B.

Four elements in the application and ownership process have been identified through the transformation of Johor Affordable Housing Policies, namely the application process, the eligibility of applications scope, initiatives in housing ownership, and enhancements in housing physicality.

i) Application Process

Information regarding RMMJ housing can be explored via Johor Housing Development Corporation's official portal at <http://erumah.johor.gov.my>. The portal provides up-to-date information on affordable housing projects where the prospective or eligible buyers can submit their applications following their preferences. The corporation will review the eligibility of the applicants and will notify them personally if they pass all the specified criteria. Eligible applicants will receive a notification for a ballot vote to determine the allocation of available units. Figure 1 shows the application and ownership procedures as a guide to facilitate the applicant in initiating the process of owning an affordable house.

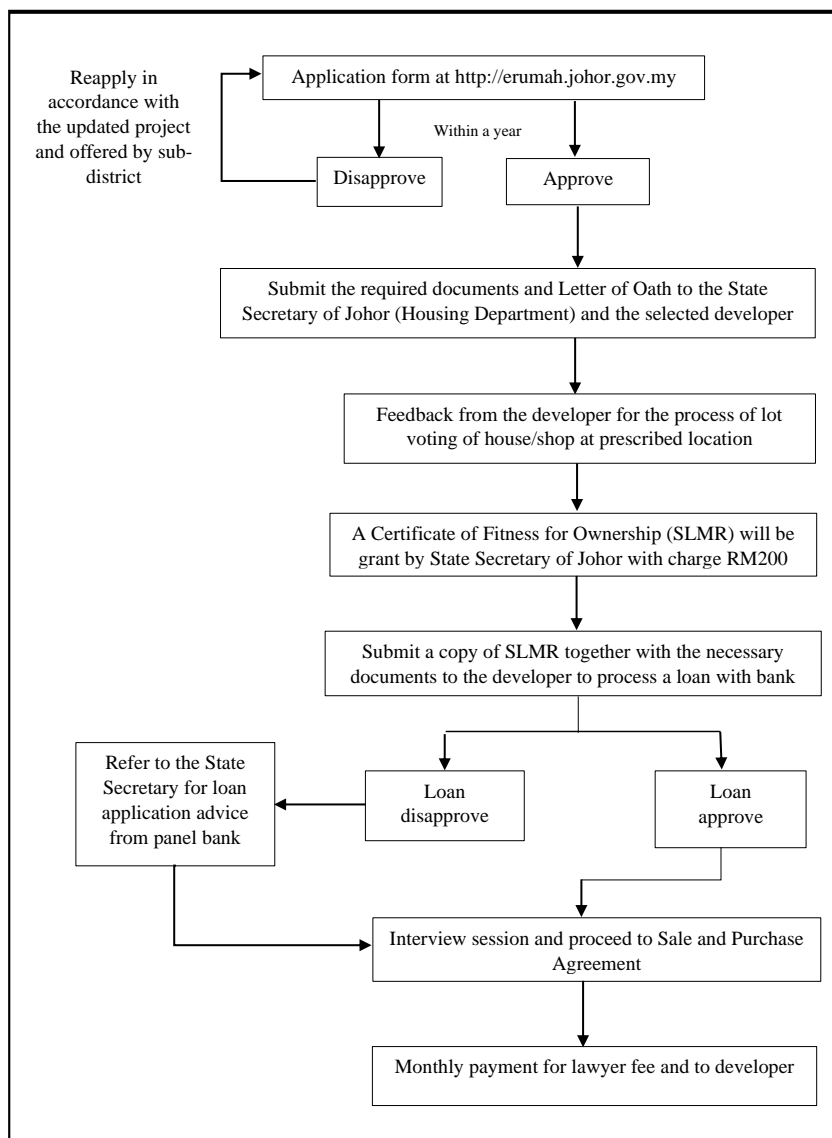


Figure 1. The Procedure of Affordable Housing Ownership

ii) Eligibility of application scope

Based on the present policy, the State Government has broadened the scope of eligibility in terms of the targeted groups, the maximum allowable household income, and the types of housing and programmes. These upgrades have given a new ray for middle-income individuals to own a house at an affordable price. Additionally, the various types of affordable houses such as strata, terrace (one- or two-storey), cluster, and townhouse options allow individuals to select their preferred housing style, be it landed or non-landed, based on the location of the development.

iii) Initiative in housing ownership

Once the application has been approved and the Certificate of Fitness for Ownership (SLMR) has been received, the applicant must be prepared to cover at least 5% of the extra costs such as Sale and Purchase fee, Stamp Duty fee, water and electricity deposit and others. The State is taking the initiative to ease the burden for new owners by giving a voucher amounting RM1000 starting 1st January 2015. The voucher will be given during the house key handover and can be claimed at the Johor Housing Development Corporation headquarter.

Other than that, the State Government has implemented another initiative in assisting the applicants who are unable to secure any for the houses they have been allocated. In collaboration with Ambank Islamic Berhad Group, Bank Rakyat, and Maybank Berhad, Johor Affordable Housing Financing Scheme was introduced in 2018 to assist individuals who meet the following conditions:(i) only for affordable housing programme applicants who fail to obtain any loans from any financial institutions; and (ii) small-income sellers or self-employed individuals with non-fixed contracts or others facing similar financial situations. These less favoured applicants may refer to the corporation in order to get further assistance and ensure that the house will be successfully owned.

iv) Enhancements of housing physicality

One of the factors why the low-cost and affordable houses under previous policy did not sell well was due to the non-strategic and secluded location of the houses. In order to purchase a house, an owner will take into account the physical factors of the house including the space provided, size of the house, number of spaces, type of spaces, basic facilities such as water and electricity supply, and the materials used for the construction of the house before deciding to proceed with the purchase. In addition, neighbourhood factor, public facilities and security are among other popular social factors that contribute an extra credit in influencing potential buyers in choosing their residential area.

Research Methodology

There are four methods that can be applied to evaluate housing policy which are process evaluation, impact valuation, policy evaluation, or meta evaluation (Ahmad Atory, 2008; Lester & Stewart, 2000; Bingham & Felbinger, 1989). This study has chosen the process valuation method because it focuses on how a programme is delivered or how a policy is implemented for the target consumers. It also assesses customer satisfaction. Therefore, through this valuation method, this study views the satisfaction characteristics of the applicants or owners regarding the affordable housing in terms of the application and ownership process so that the study can determine whether the approach of application process is making homeownership easier or vice versa.

This study is a combination of qualitative and quantitative research. Interviews were conducted with representatives from the Johor Housing Development Corporation and housing developers, while 148 questionnaires were distributed to applicants or owners of Johor affordable houses in the Iskandar Malaysia region. A cross tabulation analysis was performed to measure differences in the elements of the affordable housing application and ownership process among the RMMJ B and RMMJ C's owners. This analysis is carried out using Statistical Package for the Social Sciences (SPSS) Version 25 software.

Results and Discussion

Procedure of Affordable Housing Application

Table 3. The Response on Satisfaction Level of Affordable Housing Application Procedures

Procedure	N	Frequency				Mean	The level of satisfaction
		SUS	US	S	SS		
Fill in the application form at http://erumah.johor.gov.my	14 8	0 (0%)	0 (0%)	105 (70.9%)	43 (29.1%)	3.29	Satisfied
Submit the required documents and Letter of Oath to the State Secretary of Johor office and developer	14 8	0 (0%)	0 (0%)	126 (85.1%)	22 (14.9%)	3.15	Satisfied
Lot number voting	14 8	0 (0%)	2 (1.4%)	127 (85.5%)	19 (12.8%)	3.11	Satisfied
Loan application from selected bank of developer/own choice/the State Secretary's panel bank	14 8	0 (0%)	1 (0.7%)	113 (76.4%)	24 (23.0%)	3.22	Satisfied
The interview session and sale and purchase agreement	14 8	0 (0%)	0 (0%)	79 (53.4%)	69 (46.4%)	3.47	Satisfied

Note: VUS : Strongly Unsatisfied

US : Unsatisfied

S : Satisfied

VS : Strongly Satisfied

Table 3 demonstrates that most of the respondents were satisfied with each step of the application procedure they underwent. From the first step of filling out the application form on the website to the final step of attending an interview session before signing the Sale and Purchase Agreement, "satisfied" and "strongly satisfied" levels obtained high scores. However, the lot number voting procedure obtained the lowest mean for "satisfied" with only 1.4%. This situation is expected and understandable because apparently the lot voting session is typically held on a specific date and place announced by the housing corporation. Most of the time, the gathering requires a lengthy waiting time since there are many successful applicants involved across various projects and the types of housing programme sorted by sub-districts. During the field study observations, many respondents did not disclose the procedures they went through due to insufficient information. The housing corporation should issue a checklist of guidelines to the applicants so that they know the number of procedures and the time required to complete them before successfully owning a house. Similarly, the aspects of alteration in housing policy should be delivered to the people in simplified and understandable language to ensure that people are well-informed and pay more attention to the housing issues and the efforts made by the Johor State Government in improving the housing policy.

Physicality of the Upgraded Affordable Housing**Table 4. The Response to the Physical Factor of Affordable Housing**

Criteria	N	Frequency				Mean	Level of agreement
		SDA	DA	A	SA		
Got the type of house as applied	14 8	0 (0%)	0 (0%)	51 (34.5%)	97 (65.5%)	3.66	Agree
Provision of convenient spaces i.e., living room, kitchen, toilet, and rooms	14 8	0 (0%)	0 (0%)	92 (62.2%)	56 (37.8%)	3.38	Agree
Public facilities i.e., <i>musolla</i> , elevator, rubbish disposal, parking lot, playground, among others	14 8	0 (0%)	0 (0%)	79 (53.4%)	69 (46.6%)	3.47	Agree
Safe environment	14 8	0 (0%)	0 (0%)	98 (66.2%)	50 (33.8%)	3.34	Agree
Strategic location and accessible	14 8	0 (0%)	0 (0%)	133 (89.9%)	15 (10.1%)	3.10	Agree

Note: SDA : Strongly Disagree

DA : Disagree

A : Agree

SA : Strongly Agree

Table 4 shows that all of the physical criteria for affordable housing were voted as “agree” by the respondents. The high mean scores for each criterion indicate that the upgraded physical elements of the house have left a good impression on the owners, thus proving that the unsold low-cost houses in previous policy as stated by IRDA was due to their non-strategic and secluded location. In this case, the State Government took an initiative to upgrade the physicality of affordable housing to better meet the people’s demands. Additionally, observations conducted at the completed and occupied affordable housing units witnessed a good security system, of which security guards are provided for each type of housing programme. In conclusion, the physical factors which include location, environment, neighbourhood, and security system provision are the focus of the new policy.

The Application and Ownership Process According to Different Types of Affordable Housing

The demographic survey revealed that 117 out of 148 respondents are owners of RMMJ B, while 31 of them own RMMJ C properties. The analysis in Table 5 shows the frequency of responses of the application and ownership process according to different types of affordable houses.

Table 5. Cross-Tabulation Response on the Characteristics of Application and Ownership Process According to Different Types of Affordable Housing

ELEMENT	RMMJ B (N = 117)				RMMJ C (N = 31)			
	SDA	DA	A	SA	SDA	DA	A	SA
Application on system:								
Application was easy	0	9	108	0	0	8	23	0
Application process took more than two years before the houses are successfully owned	0	0	14	103	0	0	0	31
No problem occurred in understanding the application procedure	0	0	79	38	0	0	31	0
Application was only done once	0	84	33	0	5	14	12	0
Application was done more than once	0	33	22	62	0	12	11	8
Broaden the eligibility of application scope:								
B40 is the most eligible group to own a house	0	0	55	62	0	0	0	31
M40 is the most eligible group to own a house	0	0	104	13	0	0	5	26
Initiative in housing ownership:								
Assisting the problem faced by less favoured applicants in housing ownership	0	0	50	67	0	0	7	24
People prefer to own affordable housing more than other housing schemes	0	0	117	0	0	0	31	0
Enhancement of housing physicality:								
Convenient provision of space (living room, kitchen, toilet, and room)	0	0	92	25	0	0	0	31
Convenient public facilities (<i>musolla</i> , elevator, rubbish waste area, parking lot, etc.)	0	0	65	52	0	0	14	17
Safe environment	0	0	79	38	0	0	19	12
Strategic location and accessible	0	0	117	0	0	0	16	15

Note: SDA : Strongly Disagree

DA : Disagree

A : Agree

SA : Strongly Agree

Most of the items under the four criteria of application and ownership process obtained “agree” and “strongly agree” responses except for the application on system process. There were 17 respondents who “disagree” with the statement “application was easy”, while 5 and 98 respondents chose “strongly disagree” and “disagree” respectively on the “application was only done once” item. Next, the 45 respondents who stated “disagree” on the “application was done more than once” item were the surplus respondents who attempted to apply only once. The housing corporation stated that one of the new policy limits is the imbalance of demand and supply. One of the disadvantages of online application system is the high volume of applications, which must be carefully filtered to identify genuine applications.

On the other note, the majority of respondents chose “agree” and “strongly agree” for the “application process took more than two years before being successfully owned”. According to developer, the standard completion time for a house is within three years, depending on the land status. There are three types of land status, namely state land, land acquired by the State Government, and private land. Under land acquisition by the State Government, Section 8 of the Land Acquisition Act 1980 states that the gazetting and hearing process for former owners to receive an adequate amount of compensation for their taken lands by the State Government is a lengthy process.

There are advantages and disadvantages of the application and ownership process under the new policy implementation. Positively, majority of the respondents agreed that the affordable housing provision under the new policy is attractive compared to other home ownership schemes because the State Government greatly assists in terms of providing loan so that the targeted group can successfully own a house. On the contrary, among the few things that can be improved is that there is no standard operating procedure (SOP) to be used by the applicants as a reference. The absence of SOP has caused traffic in the application system and ownership process which consequently affects the filtering process and application approval. This has also caused doubt among the applicants towards the housing corporation and other agencies involved in the process. There is also a need to provide a complete guideline for the first-time applicants to help them obtain accurate information regarding the affordable housing scheme. Other than that, the inexistence of restriction or limitation has caused overcrowded or uncontrolled number of applications for the housing corporation to handle. Although the application system has gone through several improvements, a periodic assessment is much needed so that it is easier to understand, more transparent, highly accessible, and is capable to deliver accurate information to the targeted groups.

Conclusion

This study focuses on measuring the performance of housing policies alteration based on the response of the owners on the elements of application and ownership of Johor affordable housing. The results of this study indicate that several changes in affordable housing policy in Johor have had a positive impact on housing ownership. The new policy targets a new demographic which is the middle-income group and has brought about consistent improvements in the application and ownership process by optimising the functions of the housing corporation and enhancing the physical factors of affordable housing, including more strategic locations. The responses given by affordable house owners and applicants have opened up more rooms for improvement, particularly in terms of the housing management for future housing activities. However, the perspective of the affordable housing provider which is the developers, should be considered in measuring the success of the transformation in Johor affordable housing in future. In conclusion, a periodic valuation of policy within the span of ten years is needed to stay attuned to current needs and economic conditions, ensuring convenience for the people of Malaysia.

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