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To Link this Article: <http://dx.doi.org/10.6007/IJARBSS/v8-i1/3890>

DOI: 10.6007/IJARBSS/v8-i1/3890

Received: 18 Dec 2017, Revised: 14 Jan 2018, Accepted: 21 Jan 2018

Published Online: 29 Jan 2018

In-Text Citation: (Salleh, Yusof, Johari, & Ahmad, 2018)

To Cite this Article: Salleh, N. A., Yusof, N., Johari, N., & Ahmad, N. A. (2018). Affordability Measurement among Public Housing Tenants In Ipoh, Malaysia. *International Journal of Academic Research in Business and Social Sciences*, 8(1), 829–844.

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Vol. 8, No.1, January 2018, Pg. 829 - 844

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Affordability Measurement among Public Housing Tenants In Ipoh, Malaysia

Nor Aini Salleh¹, Nor'Aini Yusof², Noraini Johari¹ and Nurul Anis Ahmad¹

¹ Department of Estate Management, Faculty of Architecture, Planning and Surveying, Universiti Teknologi MARA, Perak Branch, Seri Iskandar Campus, 32610 Seri Iskandar, Perak, Malaysia.

² Pusat Pengajian Perumahan, Bangunan dan Perancangan, Universiti Sains Malaysia, Pulau Pinang, 11800, Malaysia

Abstract

Affordability issues are frequently debated by housing policy makers. These debates on housing affordability issues occur not only in developing countries, but have attracted attention even in developed nations. Housing affordability requires careful consideration since housing forms one of the biggest expenditure that needs to be allocated for by a family, especially those from the low-income bracket. As not all households can afford to own a house, renting is the last resort for such households. Some of them must rely on public housing tenancies. It is thus crucial for housing management to use a discerning selection process for eligible tenants for the public housing due to the limited supply. Hence, a suitable method of measuring affordability needs to be adopted by the housing management. Affordability measurement methods offer various benefits not only to the policy makers; they also help households determine their own housing affordability levels. The approaches employed in this study are through literature review, reviews of tenant selection forms and interviews with the housing management. Data collated will then be analysed using content analysis method. It is hoped that the findings of the study will aid public housing management to revise the existing tenant selection policies especially on aspects of selecting the most eligible tenants to occupy public housing.

Keywords: Public Housing, Tenant Affordability, Tenant Selection Criteria's, Tenant Affordability Measurement Methods, Public Housing Management

Introduction

Housing has always been touted as a medium in macroeconomic development and a tool for poverty eradication. Unfortunately, access to housing ownership has eluded the lower income groups and most evidently among those living below the poverty line. Therefore, the issue on affordability takes centre stage whenever decisions regarding home ownership are made. Issues on affordability were widely debated and were the most controversial issues in the housing policy

of almost every country (Hui, 2001). Thus, policies, guidelines and legislation play critical roles in ensuring that housing built are affordable to the lower income groups (Abdul Ghani & Lik Meng, 1997). Home ownership is one of the objectives of the housing policy formulated by the government. However since not everybody can afford to own a house, renting a house is the closest alternative available to those less fortunate in their quest for a dwelling. The issue on housing affordability is not merely confined to home ownership but it has also found its way to issues regarding tenancies (Norazmawati, 2006). Those who can afford it have more access to housing available in the market. Higher affordability has enabled them to procure better housing than those with lower affordability. Thus, housing affordability is the main obstacle to obtain housing for the poorer section of society (Yates & Wood, 2005). It is perceived that factors of affordability are crucial factors to be considered when deciding whether to own a house or merely to rent it.

Affordability may be defined as social and material experiences that every household must go through in balancing their real housing cost or potential housing cost and their non-housing cost towards the household's income limitations (Stone, 2006b). Since not everybody can afford to own housing, renting is the next best alternative for the less fortunate to live in a house (Kaufman, 1997). Housing affordability has a close relationship with household income. An owner's housing affordability can be related with the monthly instalment payment spent on his housing cost from his income. If, after housing cost instalment has been made and the household can still achieve other consumer necessities other than expenditure for housing at a socially acceptable standard, the household is said to be free from affordability problems. Housing costs for owners comprise four important components namely housing cost instalment, energy and utility costs, property costs and other operational costs. Meanwhile housing costs for tenants consist of two important components that are tenancy contract and energy and utility costs (Chi & Laquatra, 1998).

Past research (Boheim & Taylor, 2000; Chaplin & Freeman, 1999; Gilderbloom, 1985; Kutty, 1999) focused more on causes of affordability problems among low income tenants and the methods employed to measure housing affordability among owners; this study differs from past research by concentrating on methods utilised by public housing management to measure affordability for tenant eligibility selection.

Therefore, the main objective of this study is to identify the methods employed by public housing management and simultaneously propose to the management the use of rental-income ratio method and residual income method as steps to select the most eligible tenants who can afford to occupy public housing provided by the government.

An Overview of Public Housing in Malaysia

The provision of public housing is one of the government policies for the lower income group to have a decent and comfortable house. The construction of public housing is created in the hope that with its implementation, the government would be able to eradicate the squatter problem. In Malaysia, there are various categories of public housing provided by the government, amongst them the Low Cost Public Housing Project (PAKR), Public Housing Project (PPR), Integrated Public

Housing (MTEN), New Policy Public Tenanted Housing Project and New Policy Public Owned Housing Project. The management of public housing falls under the purview of the state governments as well as the local authorities (LAs). The context of this discussion is limited to public housing provided by the government through the management of local authorities and the state secretariats for the low-income group. There are two types of public housing offered to the public whether for rent or for homeownership. The price and rental of this housing are much lower than the real market because it does include the element of subsidy from the government.

The development of public housing in Malaysia is classified into two stages beginning with the British occupation era and the Malayan post-Independence era. The former started in the 1940s up to 1957. Discussions on the development of public housing policies post independence were manifested through the Five-Year Malaysia Plan. Based on various writings of Razali (1992, 2001 and 2005), the provision of public housing in Malaysia began during the British colonial period towards the end of the 1940s. The development of public housing during the colonial era began with the development of the quarters' institution to provide housing facilities to British officials and professionals working in the public sectors such as in government offices. The British Administration's main concern was not to provide settlements for the Malays but to solve the problem of inadequate housing among British top officials and to provide settlements for the rural Chinese. The provision of housing was emphasised on rural Chinese, as this was one of the British Administration's strategies to prevent these rural Chinese from being directly involved with communist activities. The setting up of a Housing Trust Fund by the British colonial administration in 1950 inadvertently led to the development of the housing industry whereby large numbers of public houses were built in selected locations throughout the country. After Malaysia gained independence in 1957, according to Razali (1992, 2001 and 2005) the concept of public housing changed from merely the provision of housing for government officials to a new concept known as House Ownership Democratisation (PPP). This concept signalled the first time the Malays were accorded a place in the national social development planning main programme for the local population. This programme focused on the provision of low cost housing development for its main target group comprising the rural poor with household income less than RM300 per month. The government continued its focus on the PPP concept whereby the construction of low cost housing was implemented in 1967 under the second Prime Minister of Malaysia, Tun Abdul Razak. The main objective of this programme was to ensure that the lower income groups were able to own public houses. These public houses were then known as cheap houses, people's houses or Koh Kai Boh houses (Razali, 2001; Razali, 2005; Agus, 1992)

Razali (1992, 2001 and 2005) also wrote that the implementation of public housing development policy was first introduced in the 1970s era whereby its main aim was to augment the needs of the rural population. The first public housing development project was in Kuala Lumpur which aimed of providing for the needs of the squatter population who had to relocate as a result of a major fire and floods. On the other hand, the public housing project in Kampung Datuk Keramat and Kampung Pandan were to fulfil the needs of ex-government staff and new migrants who needed houses within the Kuala Lumpur municipality. The provision of public housing development before the 1980s was entrusted to the public sector, which was a social obligation by the government to the people. Sulong (1984) also wrote that the provision of low cost housing

was firmly entrenched as being the jurisdiction of the government. State governments, through the relevant agencies have built public houses to fulfil the needs of the lower income groups. The involvement of the Federal Government was limited to the provision of financing and consultancy services to the state governments. In Malaysia, only two LAs have been identified to manage their public housing directly namely, Dewan Bandaraya Kuala Lumpur (DBKL) and Majlis Bandaraya Ipoh (MBI) but only MBI has been chosen as a case study in this research due to several limitations. Majlis Bandaraya Ipoh or MBI is a local authority entrusted with the management of a designated area in Ipoh, Perak. Previously known as Ipoh Sanitary Board, MBI was formed in 1893. In 1962, an administrative reshuffling transformed this LA from being a sanitary board into a town council, Majlis Perbandaran Ipoh and again upgraded into Majlis Bandaraya Ipoh, a city council on 27th May 1988. This auspicious occasion was officiated by the Sultan of Perak, His Royal Highness Sultan Azlan Muhibbuddin Shah Ibni AlMarhum Sultan Yussuf Izzuddin Shah Ghafarullahulah. MBI's administrative area covers 642.57 square kilometres (MBI, 2007). Public housing managed by MBI covers five public housing areas namely Kinta Heights Public Housing, Jalan Silang Public Housing, Jalan Bijih Timah Public Housing, Sungai Pari Towers Public Housing and Waller Court Public Housing. All five public housing areas are located within Ipoh City limits whereby all aspects of management and maintenance of the public housing units fall under the jurisdiction of MBI. The rental rate charged by the MBI public housing management was between RM80 per month to RM155 per month depending on the location, number of room and floor area of the unit.

The supply of public housing that was limited to the targeted group has led to the need for government-controlled sale and purchase of these public housing (JPN, 1997b). Thus, this calls for an effective and systematic tailored for uniformity. This system was formulated to increase efficiency in buyer selection and distribution of public housing built in a more equitable manner. Hence, to ensure a uniform public housing distribution in every state, the Ministry of Housing and Local Government (MHLG) has emphasised on three major systems which are the Open Registration System, Marks Allocation System and Computerised Evaluation and Selection.

In collaboration with the state governments, MHLG has adopted a computerised system known as the Open Registration System (ORS) to facilitate the selection process for prospective occupants who wish to purchase or rent public housing provided by the government (JPN, 1997b). The Open Registration System (ORS) was created to provide a list of applicants who are eligible to purchase public housing and private low cost houses. This system also uniformed the criteria for preparing the shortlist and selecting buyers that can be used in all states according to the policy set down by the government. This system is also able to determine that only the targeted groups can gain access to facilities leading to public housing or low cost housing ownership and that no buyer can own more than one housing unit.

Applications to buy public housing can only be submitted once in the state applied by the applicant. The application to buy these houses is done using uniform and permitted forms only. Applications can be submitted at all times during office hours at the Housing Section of the State Secretariat Office and at all district offices. This will indirectly prevent abuses of power in the selection of low cost housing buyers. Selection of eligible and successful buyers will be done

objectively whereby discretion and indecision will be minimised. Applicant selection will be made and those who are eligible based on application form filtering will be called for interviews. The State Secretariat conducts interviews for the purpose of vetting and endorsing documents and confirming applicants' eligibility. The selection of prospective occupants is based on a Marks Allocation System which will generally take into consideration factors such as marital status, employment, existing housing rental liability, type of dwelling, selected location, disability, household income, age, place of employment, period of domicile at a location and place of birth.

Applicants who achieved high scores will be prioritised. Applicants from among the targeted groups will be selected provided they have achieved high scores as compared to the other applicants. A summary of the flowchart for public housing buyer selection process is referred to in Figure 1.1:

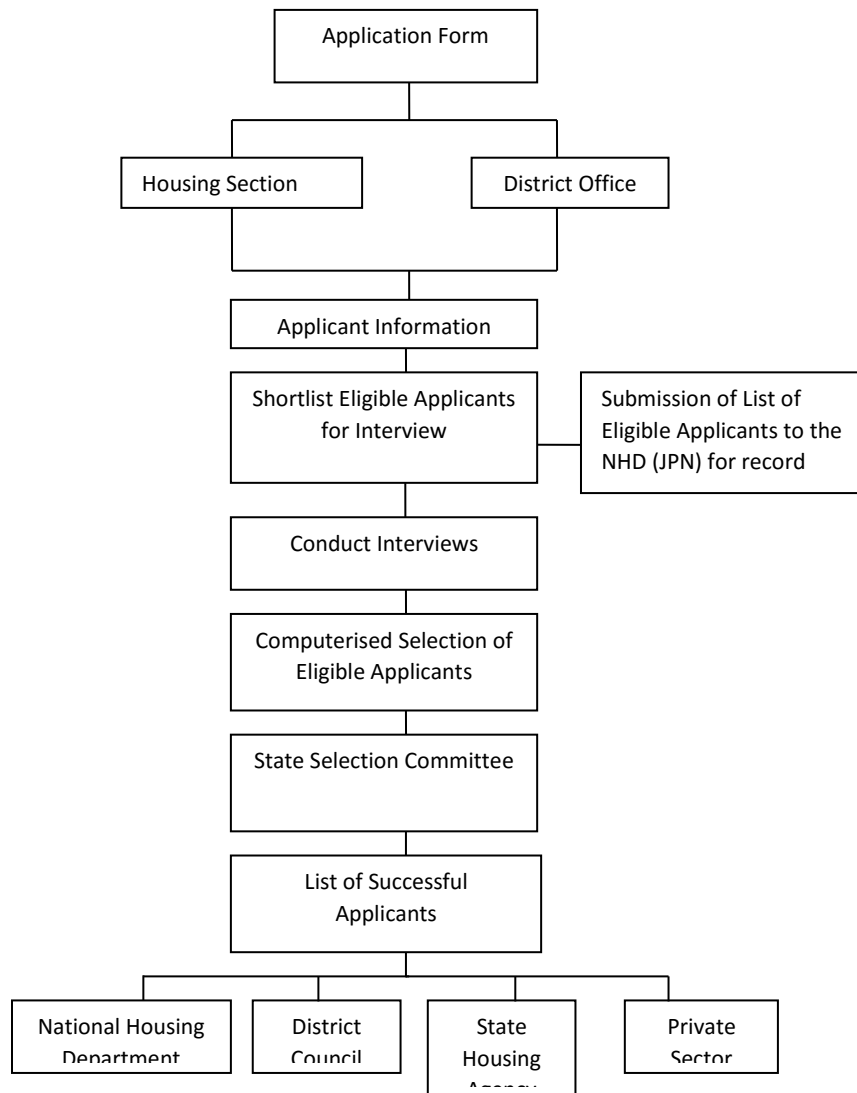


Figure 1.1: Flowchart for Public Housing Buyer Selection Process

Source: NHD (JPN), 1997

Table 1.2 below is the reference for guidelines in giving marks for the selection of public housing applicants. These guidelines will facilitate the giving of marks by the public housing management based on the predetermined criteria (JPN, 1997a).

Table 1.2: Marks Allocation System

Source: NHD, (JPN) 1997a

Particulars	Maximum Marks
1) Existing Rental Liability	100
2) Low Cost House Purchase Instalment Liability	100
3) Type of Dwelling	50
4) Marital Status	25
5) Employment	25
6) Disability	25
7) Other Liabilities	25
8) Household Income	25
9) Loss of Dwelling	10
10) Dependents (Children)	10
11) Age of Applicant	10
12) Place of Employment	10
13) Period of Domicile at Current Location	10
14) Place of Birth	10

A similar process is conducted for public housing managed by LAs. Application forms must be filled by applicants prior to submission. Those who are found to be eligible through a discerning filtering process according to the housing management discretion and fulfilling the predetermined criteria will be called for an interview to be conducted by the LA public housing management. Selection is done based on a marking allocation score. Those who scored the highest score will be given the priority to be an occupant. A similar process will be carried out for new applicants should a vacancy occur in the public housing. (Kamal, Individual Interview, 2007).

Even though the MHLG has set out guidelines to be adhered to by public housing management, their implementation depends on the State Government and the respective LAs in terms of allocation of marks methods to be adopted. The criteria set down by local authorities in determining the tenants most eligible to rent out units in public housing managed by them are as shown in Table 1.3 below:

Table 1.3: Table of Marking

Source: MBI, 2007

No.	Particulars	MARKS					Marks Obtained
		20	15	10	5	0	
1	Applicant – Head of Household	Yes		No			
2	Age of Applicant	40-49	30-39	50-59	Below 30	More than 60	
3	Household Income (RM)	Below 500	501 - 700	701 - 900	901 - 1,200	Exceeds 1,200	
4	No. Of Dependents	More than 6 persons	4-5 persons	3 persons	1 person 2 persons	Nil	
5	Existing Dwelling	Homeless	Squatter House	Staying with Other People	Rented House	Public Housing/ others	
6	Period of Stay	> 10 years	5-10 years	2-5 years	< 2 years	-	
7	Attitude/Personality						
8	Disabled Applicant(s)						

9	Public Servant, Ex Army Servicemen, Other Relevant Factors						
10	Additional Marks						
	TOTAL						

Since public housing is built on the premise of welfare factors, it is not surprising that those with minimum income and high financial liability make up the main criterion of selection of prospective occupants of public housing.

Literature Study: Measurement of Affordability among Households

Affordability measurement is generally used to analyse financial affordability owned by households. There are various methods and approaches utilised by policy makers and past researchers in measuring affordability. The use of affordability measurement offers various benefits not only to the policy makers but it also help households to determine their own housing affordability. In defining affordability, the United States has imposed a 28% limit on gross household income to be allocated towards the payment of housing (Fiscelli, 2005). The same scenario is evident in rental households, as long as the rents charged by the landlords do not give undue rental pressure and tenants are still able to obtain their other needs, housing affordability issues will not occur. This means that the tenant's affordability is 30% of income received that is used towards rental payment (Fiscelli, 2005). In the event rental payment exceeds 30%, the tenant would be facing affordability issues. Kutty (2005) also viewed housing affordability as a rental liability to the tenant or a cost liability that must be borne by the owner. Fiscelli's (2005) and Kutty's (2005) opinions concurred with those of Thalmann (1999) in his study where he reported that housing problems on the tenant is apparent through a high rental obligation. Households are said to be facing affordability issues when rentals exceed the portions determined by the income received (Chaplin & Freeman, 1999). Lower income households and high housing costs entitle them to housing benefits. Households have to occupy small sized and low quality dwellings as a trade-off for their lack of affordability in obtaining suitable and comfortable housing (Lerman & Reeder, 1987). Thalmann's (1999) views were proven right in an earlier study by Murray (1997). These households have to trade off between housing costs, quality and unit size they will occupy in order to suit their affordability (Murray, 1997).

A study done by Stone (2006b) and Norazmawati Md Sani (2006) postulated that various affordability measurements can be practically conducted amongst which are the relative method of the relationship between house price or housing cost and household income; subjective method – whatever households are willing or choose to spend on; family budget method,

financial standard based on housing aggregate expenditure trends; acceptable maximum housing cost ratio divided by income ratio and residual income method – minimum income standard levels required to fulfil basic level non housing needs after spending on housing. A study conducted by Hulchanski (1995) has uniformed the housing expenditure ratio concept towards income and he found that this concept can be used for 6 purposes that are: (i) clarifying the expenditure made by the household on the house. The ratio difference existing among households may be used to interpret various meanings depending on the researcher's needs as per housing affordability especially being able to see the affordability trends or household paying ability; (ii) analysing the trends of household expenditure against income ratio. It may also be used to test hypotheses and carry out comparative research between socioeconomically different household groups for example in terms of gender, race and other characteristics of household heads. This helps in contributing an understanding towards household social trends; (iii) helping public sector housing administration. In this type of housing, housing units were not distributed based on the market whereby it was not open to all households hence only eligible households qualify for this type of housing. Therefore, distribution is done based on legal provisions to determine eligibility. It is not easy to evaluate eligibility and determine rental levels for subsidised housing but by using this ratio, high income households can be struck off the list of those eligible. The public sector looks at the maximum income received by a household to determine the households most eligible for subsidised housing while the private sector looks at the criterion of minimum household income to prevent low income households from renting their units. The housing expenditure against income ratio at least provides a guideline to the management on how to identify those who are eligible and how to determine public housing rental levels; (iv) identify housing needs for the purpose of policy and program formulation. The use of the ratio can at least identify those who spend more than 30% of their income towards housing are the ones facing housing problems. However, its use is not totally valid since based on past research, household expenditure patterns are various and complex; (v) project households' abilities to pay rent and housing instalment. Landlords only want to do business with households who can afford to and willing to pay their monthly rentals; (vi) household expenditure against income ratio is one of the criteria for tenant selection. Most landlords will consider housing expenditure against income as a valid and reliable measurement in determining willingness to pay. Households will be categorised into eligible households and non-eligible households based on the prevailing legislations, income criterion based on household expenditure on the household was one of the measurements used. He iterated that there are researchers who found that failure to pay rent still persists regardless of levels of income; therefore, other factors should be considered. Households who fail to fulfil the income criterion will be automatically constrained from freedom to choose in the marketplace.

Even though a fair number of household affordability measurement methods have been discussed by past researchers, this paper will only focus its discussion on two affordability measurement methods among tenants namely the uses of rent-income ratio method and residual income method. Past researchers who have been identified to have used these methods were Mostafa, Wong & Hui, 2006; Stone, 2006a; Bramley & Karley, 2005; Hui, 2005; Gabriel, Jacobs, Arthurson, Burke & Yates (2005); Chaplin & Freeman, 1999; Thalmann, 1999; Hancock, 1993; Bramley, 1992; and Lerman & Reeder, 1987. Despite the inherent weaknesses and

criticisms over the use of rent-income ratio method by past scholars, Bramley and Karley (2005) have proposed in their study for a combined use of the two methods of rent-income ratio method and residual income method. Households facing affordability problems will be easily identified when the housing cost (house rental or instalment) against income ratio is high and residual income available could not fulfil the other needs to lead a normal life. A study carried out by Ho and Chiu (2002) also touched on the rent-income ratio method as an alternative method to measure affordability among tenants by applying a pre-determined ratio of 30% which is usually used by the United States, England and Hong Kong to look at affordability problems among households in their study areas. Although Stone (2006b) criticised the use of the rent-income method, he has admitted that this method is the hereditary method used throughout the years and has been widely accepted and acknowledged by past researchers. Gabriel et al., (2005) who compared affordability measurement among households in Australia support the use of rent-income ratio but they have found that the residual income method have some issues when used to measure housing cost among tenants.

It is therefore through this paper that the researchers propose the adoption of the residual income method and the rent-income ratio method in measuring affordability by public housing management. This is because these two methods will be able to help public housing management to identify tenants who are eligible to be provided with tenanted public housing units. A study carried out on how public housing management select tenants has raised queries as to how rent payment ability is measured on prospective tenants of public housing based on the criteria determined here. Hence, to answer these questions the ensuing discussion will focus on the tenant selection criteria at public housing by public housing management.

Research Methodology

This research was done through a few methods namely secondary data collection and qualitative method. Secondary data collection was achieved through a study carried out through literature review study based on past scholarly writing in a field related to this paper. Additionally, secondary data was also collected through public housing tenancy application forms issued by the housing management. Qualitative data collection was done through structured interviews with public housing management. These interviews were conducted to identify the methods used by public housing management to ensure public housing was provided only to eligible tenants.

Data collected through these two methods was then analysed using content analysis method based on the objectives of the study.

Tenant Eligibility Criteria Analysis at Public Housing

The tenant selection policy fixed by the Ministry of Housing and Local Government (KPKT) was based on the Marks Division System which generally considers factors such as marital status, employment, and existing tenancy liability, type of dwelling, the location chosen, disability, household income, age, place of work, period of demise in that location, and place of birth. Although KPKT has set guidelines to be adhered to by public housing management, its enforcement and means of determining the marking system depends on the respective state and local governments. Studies done through document review issued by the local government public

housing management found that tenants where the heads of families earn incomes of less than RM500 a month and the number of dependents exceed 6 persons are those tenants obtaining the highest scores as compared to other tenants.

Besides that, statements obtained from interviews with selected public housing management officers are also shown to clarify the tenant selection method adopted by the public housing management.

Officer 1

Question: There are cases where tenants with high rent arrears absconded leaving housing arrears to another party, X. Will there be follow up actions by X on these tenants?

Answer: "First thing the MBI does whenever a tenant absconds is to close his account administratively and carry out a search at the National Registration office to find out the defaulting tenant's last known address. The case will be brought for litigation by the legal department. For cases involving flats, no panel is appointed due to the low amount of rent arrears as compared to rent arrears for shophouses let out by the Council. This is because the cost to file the case at the court is higher than the rent in arrears. The Council only receives the judgement – the result from the court but could not implement it since the incumbent tenant is no longer occupying the public housing and it is a hassle to track down tenants who have absconded. If we compare flats in X and flats in Y, there are socioeconomic statuses gaps where tenants in flat X comprises squatters which do not necessarily mean these squatters are poor people; some of them drive cars like Honda and Perdana. On the contrary, only 30-40 per cent of tenants in flats in Y can afford them while the rest are poor people without fixed jobs. There are even dishwashers here". –

This interview proves that no uniformity exists as practised by public housing management in selecting eligible tenants to rent their housing units.

Officer 2

Question: Tenant selection is based on the criteria fixed by the management but how was the measurement to determine tenant affordability done by the X management? What was the policy adopted by X?

Answer: "We do look for tenants earning RM1200 or below during tenant selection. This is a risk when some do not have a fixed job hence will not guarantee them. Selection criteria are not detailed out. The policy we're looking at is based on the tenant's own welfare characteristics whereby they cannot afford to rent outside which charge higher rent with the majority having rental RM250 or more. These facilities are provided to cater for the demand from the less fortunate.

The policy to measure tenant affordability was only measured on income not more than RM1200. No specific method was adopted by us to measure tenant affordability levels. It was not a priority to measure affordability since we are looking at income below RM1200. Some quarters make noise when tenants who can afford to have cars can also live here. What we tell them is that how do we know they have cars?"

This statement shows that no specific method was practised by the public housing management to measure affordability among tenants at public housing; clearly the main reference on tenants was only individual income as welfare factor was the main factor considered in tenant selection. The conclusion is that there were no specific guidelines being used in measuring affordability among tenants”.

Officer 3

Question: What are the causes leading to rent arrears among tenants?

Answer: O.K, personally when I look at the Ipoh context the majority is due to attitude. For cases involving enforcement, actually they can pay, I mean it doesn't matter how many times payment is made where it all boils down to tenant attitude. When our team do not force, they assume that there is nothing that X is doing. But when we come to seal (the unit) and ask them why they don't pay, it was not that they cannot pay but more because of their attitude refusing to pay. When there is this 'I don't want to pay' attitude, how much money they have will not make them pay. (By right) when he knows that it is his obligation, he should have an income because a tenant should know that rent payment is another party's right, maybe the public or the council's right. Therefore he must pay but when there is this attitude, rent arrears will occur. This is because to me, this public housing rent is low enough, maybe to you a rent of RM124 is considered high. You can study whether this rent is high or low”

Due to the lack of a specific method being used to measure affordability among tenants, there are certain parties who will take advantage of this weakness on the part of housing management to shirk from paying rent due until they are being forced then only rent is paid.

Findings and Discussion

Based on the study undertaken, it was found that there is a need for public housing management to look into the two methods discussed earlier to measure affordability to pay rent that must be done by tenants. The ways by which tenant affordability measurement is done using the residual income method and the rent-income ratio method are:

(1) $\text{Income} - \text{Expenses (Non-housing and Housing)} = \text{Residual Income}$

(2) Rent-Income Ratio Method:

Rent to Income Ratio whereby the income used to pay rent will not exceed 30% of the income received.

Hence if this method is adopted, this will help the public housing management to identify households having affordability to pay rent and will also indirectly help to identify those who need aid and this will ease information channels to be communicated to the relevant parties. The adoption of affordability measurement among tenants will indirectly help to reduce rent arrears issues because preliminary filtering has been done by selecting only those who can pay rent to be eligible to rent public housing. The fact is, the public housing management has already done their social responsibility since public housing tenancies are among the lowest rental as

compared to current rental of similar housing in the market provided by the private sector. The high management costs borne by the public housing management requires that the government collect rent at public housing which is one of the main revenues of the public housing management besides the budget granted by the federal government. If affordability measurement among tenants is not taken seriously, the high rent arrears will have to be borne by the government and this has caused the government to decide to sell public housing to eligible individuals; hence making it harder for the low income groups to access comfortable public housing.

Conclusion

The presentation of this paper is aimed at helping public housing management to formulate guidelines to identify tenants with affordability towards their housing and also to help identify households having affordability problems and eligible to be considered for housing aid and the communication of information to the respective parties. This is because these two methods look at tenant affordability levels based on the rent that need to be paid to the public housing management and the income received as well as housing and non-housing expenditures besides other factors that need to be considered by the public housing management. The lack of affordability of tenants to pay rent will lead to the management failing to provide management services expected by tenants. This is because when rent could not be collected, it will indirectly reduce the management's funds that need to be set aside for maintenance works. No rental collection means there is no revenue for the public housing management. Hence, it is crucial that the housing management selects only tenants who can afford to pay rent. The rental subsidy provided by the government is another form of social obligation by the government to the people.

Nevertheless, affordability measurement must be applied carefully to avoid mistakes in measurement. Wrong affordability measurement will impact the tenants. If the government made a mistake in defining affordability among tenants, those who cannot afford housing will inadvertently suffer. If the government adopts the wrong measurement, it will find that a certain tenant can afford housing whereas this particular tenant is actually below the pre-determined affordability line.

Acknowledgement

The researchers wish to thank Universiti Sains Malaysia for the study grant (1001/Vot/PPBG/841015) provided to carry out this research. Many thanks also go to Universiti Teknologi Mara for the professional and logistical support given to the researchers. This study would not have been possible without the help extended by various parties especially by the public housing management and tenants of the MBI public housing. The data collection of this study was conducted in 2008-2009. Thank you very much!

Corresponding Author

Nor Aini Salleh

Senior Lecturer, Estate Management Department, Faculty Of Architecture, Planning And Surveying, UiTM Cawangan Perak, 32610 Seri Iskandar, Perak, Malaysia

Email: draini@gmail.com

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