Housing and Transport in Malaysia: A Fundamental Combination in Determining Affordability.

R.N. Raja Ariffin and R.K. Zahari and M. Tumin

1Department of Administrative Studies & Politics, Faculty of Economics & Administration, University of Malaya, 50603 Kuala Lumpur, Malaysia
2Department of Urban and Regional Planning, Kulliyyah of Architecture and Environmental Design, International Islamic University Malaysia, Jalan Gombak, 53100 Kuala Lumpur, Malaysia

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ABSTRACT
Background: Malaysia is undergoing significant changes through rapid economic development. Growing urban population led to challenges confronting the housing and transportation sectors, affecting affordability. Objectives: This literature review on housing and transport was conducted to explore Malaysia’s housing and transport affordability issues. This study also provides an overview of housing policies in relation to housing and transport affordability. Results: Increased urban population; housing/transportation connectivity; affordable-accessible housing; and housing price/income mismatch were identified as key challenges of Malaysia’s housing and transport affordability. Integrating housing location and public transport networks not only improves regional accessibility, but also reduces traffic congestion and rejuvenates neighborhoods. Conclusion: A new or improved sustainable public transport system can ultimately boost the growth of the local and regional economy.

INTRODUCTION

Housing affordability is defined as the extent to which housing costs for a given standard of housing affect a household’s income to meet other necessities of life or their capacity to meet their total household needs [1]. Hence, housing is affordable if its cost relative to income is reasonable or moderate. Earlier researches have resulted in a ‘Rule of Thumb’ that affordable housing expenditure should not be more than 25-30% of a household’s income [2]. In other words, families who pay more than 30% of their income for housing are considered cost-burdened.

Transportation cost is the second largest expense for families after housing. However, few consider this cost when choosing a place to live [3]. This fact has led some recent studies to highlight the importance of including transportation cost in measuring housing affordability. Litman (2013) suggests that an affordable housing and transportation (H&T) expenditure of a household should be less than 32% of their budgets on housing, 20% on transportation and not more than 45% on combined H&T expenses [4].

Rapid increase in house prices, especially in major cities has contributed to housing affordability conundrum. This phenomenon has somewhat changed the landscape of housing provision in Malaysia. Other than focusing on comfort and quality, the government has also put a high priority on the need for providing affordable housing. In light of this, housing policy related to affordability has been extended through a number of national development plans to improve homeownership in Malaysia [5]. However, there is a considerable lack of effort in looking at transportation cost as one of the important elements in affordability issues. Therefore, this study seeks to explore the issues of housing and transport affordability in Malaysia, especially in the urban areas.

Corresponding Author: R.N. Raja Ariffin, Dept. of Administrative Studies and Politics, Faculty of Economics and Administration University of Malaya, 50603 Kuala Lumpur, Malaysia.
E-mail: moriza@um.edu.my
within 4 kilometres to 10 kilometres of public housing areas. This has discouraged low-income group from residing in these poorly-chosen locations [27]. To tackle this issue, state governments are given the flexibility to decide housing construction quotas based on a specific guideline so that they can impose a higher quota for affordable housing according to need, while reducing the low-cost quota. For instance, the quota could be amended to 20:20:10, i.e. 20% low-cost, 20% low-medium-cost and 10% medium-cost housing according to the needs of potential residents. In the case of Penang, Malaysia, developers are to face levies or make contributions if they were to be exempted from developing low-cost or medium-cost houses [26].

Discussion:

The patterns of housing today favours the housing areas to be developed further away from urban areas and concentrating in the suburbs. Although the land is cheaper and abundant in the suburbs, the distance made it less accessible from the place of employment and commercial centres. This situation created the demand for mobility as people lived further away from opportunities. The need for connectivity and accessibility to economic activities in this scenario, must be addressed with the availability of transportation services in the form of private vehicles or public transportation [12]. Although the problem of housing areas with insufficient basic social amenities and facilities such as transportation, safety, and maintenance is addressed in one of the policy statements in the NHP, there is no specific provision that directly mention the requirement of connecting transportation network and housing development to deal with housing and transport affordability issue.

The escalating increase of house prices especially in major cities has worsened the issues of inaccessibility to housing facilities for low and middle-income group. These households are concerned because affordability affects not only their ability to become a homeowner, but also the size and type of the house they are able to purchase [28]. This was further supported by Abdullahi and Aziz (2010) in which they found low-income housing is one of the existing challenges experienced by most developing countries, including Malaysia [29]. Some of these developing countries even assumed this would be a continuous problem. Regardless of the priority given to fulfill the demand for low-cost housing, some researches contended that Malaysia is lagging behind the success recorded in other countries such as Singapore, South Korea, and Hong Kong [30, 31].

Responding to the escalating housing price in urban areas, Edmund (2012) argues that developing housing units at the sale price of RM 100,000 – RM 400,000 in Klang Valley area is very challenging [32]. As an alternative, most affordable houses are located away from the city centre and major towns without easy access to public transportation. This scenario has led to many unsold properties caused by poor location. Although these properties are deemed affordable, they are in less accessible location and restrict the owner from accessing economic and employment opportunities [33].

Conclusion:

The increased housing and transportation costs tend to affect households living in the outer city areas compared to those in the inner city. Policy makers need to consider this situation when designing policies on housing and transportation. Therefore, future research on housing affordability should take into account transportation costs, so that stronger empirical evidence base can be used to inform the development of policies affecting housing, transport and employment hubs. Integrating housing and public transport networks not only improves regional accessibility for residents and businesses, but also reduces traffic congestion and rejuvenates neighbourhoods. A new or improved public transport system boosts growth and strengthens the regional economy.

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