AFFORDABLE HOUSING CHALLENGES IN URBAN MALAYSIA: A CASE STUDY OF RESIDENSI GURNEYMAS, KUALA LUMPUR

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Abstract

This study examines the critical challenges of affordable housing in urban Malaysia, focusing on Residensi Gurneymas (RG), a government-backed middle-income housing project in Kuala Lumpur. Through in-depth interviews with 40 stakeholders including developers, policymakers, real estate professionals, and residents the research explores systemic barriers, policy gaps, and socioeconomic factors affecting housing accessibility. Findings reveal a severe mismatch between housing supply and demand, with 90% of demand concentrated below RM400,000, while developers predominantly deliver units above RM500,000. Government policies, though well-intentioned, suffer from regulatory inconsistencies, ambiguous affordability definitions, and a neglect of middle-income (M40) households, forcing many into financial strain. Key issues identified include rigid loan eligibility criteria, stagnant wages against rising property prices, and construction quality compromises in affordable units. Participants reported spending over 30% of their income on housing, contradicting the official affordability benchmark. The study also highlights urbanization pressures, with rural migrants struggling to secure housing near employment hubs. Despite these challenges, successful cases in RG demonstrate the transformative impact of well-located affordable housing on residents' quality of life and social mobility. The research underscores the need for policy reforms, including dynamic income thresholds, public-private partnerships, and flexible financing schemes. It contributes to the discourse on equitable urban development by advocating for targeted interventions to bridge Malaysia's housing affordability gap. The findings emphasize that without holistic solutions, rapid urbanization risks exacerbating socioeconomic disparities, leaving middle-income families increasingly marginalized in the housing market.

Keywords: Affordable housing, Urbanization, Middle-income households (M40), Housing policy

1.0 INTRODUCTION

Since 1950, global urbanization has accelerated dramatically. In 1950, 70% of the world lived in rural areas, but by 2007, the urban population surpassed the rural population for the first time (Zheng, 2016). By 2050, 68% of people are expected to live in cities, adding 2.5 billion more urban dwellers, with nearly 90% of this growth occurring in Asia and Africa (Ritchie & Roser, 2019). Urban populations surged from 751 million in 1950 to 4.2 billion in 2018, demanding rapid infrastructure expansion. However, simply building new megacities may not be sustainable. Rising urban inequality, affecting both developing and developed nations, challenges traditional city planning (George, Piketty). Affordable housing policies, often used for social and economic engineering, have struggled to create inclusive cities (Mota & Gameren, 2016). State intervention in housing remains critical to addressing imbalances, as market-driven urbanization often deepens disparities. Without equitable policies, rapid urban growth risks exacerbating housing shortages and socioeconomic divides. The future of urbanization must prioritize accessibility and fairness to ensure sustainable development.

Residential property in Malaysia is a critical need and a key component of the urban economy (Suhaida et al., 2011). With a 2% annual population growth (2000–2010), household numbers surged by 32%, intensifying housing demand (Shuid, 2016). However, affordability has declined, reaching "severely unaffordable" levels in many states (Khazanah Research Institute, 2015; 2019). In 2019, 73% of unsold homes were unaffordable, with Johor, Selangor, and Kuala Lumpur facing the worst shortages (New Straits Times, 2019). To address this, the government launched initiatives like PRIMA, Residensi Wilayah, and Rumah Selangorku. Despite efforts, Malaysia faces a worsening property overhang 29,227 unsold units worth RM17.2 billion in 2018 (NAPIC). Affordable housing policies target income groups: low-cost (below RM42,000), low-medium (RM42,001–RM60,000), medium (RM60,001–RM100,000), and high-cost (above RM100,000) (Tricia Yeoh, 2021). Since independence, Malaysia has prioritized low-cost housing, with private sector involvement since the 1970s (Ghani & Lee, 1997). The Ninth Malaysia Plan (2006–2010) emphasized equitable access, yet challenges persist, particularly in urban areas like Kuala Lumpur, where rural migration strains supply. Public-private collaboration remains crucial to balancing affordability and demand.

Residensi Gurneymas is an affordable housing project under Malaysia's Residensi Wilayah (formerly RUMAWIP) scheme, aimed at middle-income first-time homebuyers in Kuala Lumpur. Developed by Era Ecoland Sdn Bhd in collaboration with the government, this 34-storey, single-block apartment was completed in 2018 three years ahead of schedule. Priced at RM198,000 (RM247.50 per sq ft), each 800 sq ft unit features three bedrooms, two bathrooms, and a balcony, with a low 10% down payment and waived legal fees for buyers. Strategically located in Dato' Keramat, the residence offers proximity to key amenities, including malls (Gurney Mall, KLCC), hospitals (Gleneagles, KPJ Ampang Puteri), and public transport (LRT, buses). Facilities include a guarded entrance, covered parking, a playground, surau, multipurpose hall, nursery, and mini market. The project aligns with the Residensi Wilayah Keluarga Malaysia goal of delivering 80,000 affordable homes by 2030, targeting married couples or single mothers earning RM6,000–RM8,000 monthly, with a 10-year resale restriction to

prevent speculation. Despite Malaysia's broader housing affordability challenges, Residensi Gurneymas exemplifies public-private efforts to address urban housing needs, combining accessibility, convenience, and security for middle-income households.

Residential property serves as both a basic human need and a critical component of urban economic stability (Suhaida et al., 2011). However, Malaysia faces a growing housing affordability crisis, exacerbated by rapid population growth (2% annually from 2000–2010) and a 32% surge in households (Shuid, 2016). Despite rising demand, the country suffers a housing deficit of 4–6 units per 1,000 people (Olanrewaju et al., 2016), leaving 21.3% of households without homeownership in 2010 (Department of Statistics Malaysia, 2014). Affordability has worsened due to soaring prices and stagnant incomes. Median house prices reached 4.4 times the median annual household income in 2014, far exceeding the 3.0× benchmark for affordability (Khazanah Research Institute, 2015).

Bank Negara Malaysia (2015) highlights a severe mismatch: only 19.7% of new launches in 2014 were priced below RM250,000, down from 36.4% in 2004, while high-end properties (RM500,000+) dominated supply. This disparity forces households into debt, with national household debt hitting 89.1% of GDP in 2015 (Tee, 2016). Middle-income groups (earning RM2,537–RM5,662 monthly) face acute challenges, as the median house price (RM242,000) requires 4.4× their annual income well above the recommended 3.0× threshold (Economic Planning Unit, 2015). With housing costs consuming over 30% of income (Bank Negara Malaysia, 2016), many Malaysians are priced out of homeownership. Critical factors include land costs, financing constraints, and inadequate policy alignment (Yap & Ng, 2018; Baqutaya, 2019).

Therefore, this study aims to investigate the fundamental disconnect between affordable housing supply and demand in urban Malaysia. It will thoroughly evaluate prevailing price trends, analyze income dynamics, and assess the efficacy of existing policies. By critically examining industry practices and drawing comparisons with global benchmarks, this research endeavors to propose actionable and sustainable solutions to reconcile housing affordability with equitable urban development. The ultimate goal is to contribute meaningfully to the discourse on fair urban growth by advocating for targeted interventions that can effectively bridge Malaysia's persistent housing affordability gap.

2.0 LITERATURE REVIEW

The issue of affordable housing has emerged as a critical socioeconomic challenge globally, with significant implications for urban development and social equity. In Malaysia, rapid urbanization and economic growth have intensified housing affordability concerns, particularly in major cities like Kuala Lumpur. Bank Negara Malaysia defines affordable housing as costing no more than 30% of a household's income, yet many Malaysians especially middle-income earners (M40) struggle to meet this benchmark due to stagnant wages and escalating property prices (Bank Negara Malaysia, 2016).

2.1 Challenges in Affordable Housing

The affordable housing crisis in Malaysia is exacerbated by structural inefficiencies in the property market. While developers focus on high-margin luxury projects (Olanrewaju et al., 2020), the undersupply of units below RM300,000 has created a "missing middle" housing gap (NAPIC, 2022). Urban land scarcity further intensifies this issue, with land costs constituting 30–50% of total development expenses in Kuala Lumpur (Rahim & Li, 2021). Compounding the problem, construction cost inflation (6.8% annually since 2020) has eroded profit margins for affordable projects, discouraging private sector participation (CIDB, 2023).

Recent studies highlight policy fragmentation as a critical barrier. Malaysia's housing initiatives (e.g., PR1MA, Rumah Selangorku) operate under disparate ministries, leading to duplicated efforts and inconsistent eligibility criteria (Norhaslina et al., 2022). For example, PR1MA's income ceiling of RM15,000/month fails to account for cost-of-living disparities between states, excluding needy households in high-expense regions (Foo, 2023).

One of the primary obstacles is the mismatch between supply and demand. While there is an oversupply of high-end properties, affordable homes priced below RM250,000 remain scarce (Yap & Ng, 2018). This disparity is exacerbated by developers prioritizing luxury projects for higher profits, leaving middle- and low-income groups with limited options (Gopalan & Venkataraman, 2015). Additionally, land scarcity in urban areas drives up costs, further complicating affordability (National Property Information Centre, 2016).

Government policies have also been critiqued for their inadequate focus on middle-income households. Programs like the Tenth Malaysia Plan (10MP) primarily target low-income groups (B40), leaving the M40 who earn between RM4,360 and RM9,619 monthly without sufficient support (Khazanah Research Institute, 2017). This gap forces many to rely on overpriced private housing or endure prolonged financial strain. Regulatory and financial barriers further hinder progress. Stringent building codes, high construction fees, and bureaucratic delays inflate development costs, which are often passed on to buyers (Anacker, 2019). Meanwhile, strict bank loan approvals disproportionately affect first-time homeowners, perpetuating cycles of unaffordability (Baqutaya, 2019).

2.2 Housing Affordability and Socioeconomic Factors

The conventional 30% income-to-housing expenditure ratio established by Bank Negara Malaysia (2016) has become increasingly untenable in contemporary urban contexts. Recent data reveals that median-priced residential properties in Kuala Lumpur (RM600,000 as of 2023) now demand 6.2 times the median annual household income (Khazanah Research Institute [KRI], 2023), significantly surpassing the internationally recognized affordability threshold of 3.0 times annual income. This growing disparity has created substantial barriers to homeownership, particularly for young professionals and single-income households, with recent surveys indicating that 62% of Malaysian millennials have postponed property acquisition due to financial constraints (Ibrahim, Abdullah, & Tan, 2023).

The phenomenon of gentrification has further complicated urban housing dynamics. Large-scale redevelopment initiatives such as the KL River City project

have resulted in the displacement of lower-income residents to peripheral locations characterized by limited employment opportunities and inadequate public transportation infrastructure (Teh & Lim, 2022). Additionally, cultural and religious considerations continue to influence housing preferences, with 78% of Malay respondents in a recent study emphasizing the importance of proximity to Islamic facilities and halal food sources as primary determinants in residential location choices (Abdul Razak, Ismail, & Hassan, 2023).

The affordability crisis extends beyond simple price-to-income ratios, reflecting deeper structural inequalities in wage growth and income distribution. While nominal wages have experienced modest increases, they have failed to keep pace with the rapid escalation of housing costs, particularly in major urban centers (Yap & Ng, 2018). This disparity is most acute among the B40 demographic (households earning below RM4,360 monthly), who frequently face difficult trade-offs between housing expenditures and other essential needs such as healthcare and education (Khazanah Research Institute, 2017).

Spatial and locational factors further compound affordability challenges. Properties situated near major employment hubs command substantial price premiums, while more affordable options in peripheral areas often lack adequate infrastructure and amenities, forcing households to choose between financial feasibility and quality of life considerations (Mariadas, Abdullah, & Manaf, 2019). Moreover, the persistence of ethnically concentrated residential patterns continues to influence housing demand and pricing structures, as demonstrated by Chin's (2016) analysis of urban settlement patterns in Malaysia.

2.3 Policy and Market Solutions

To address Malaysia's housing affordability crisis, comprehensive policy reforms and market-based solutions must be implemented. First, regulatory frameworks should be revised to mandate inclusionary zoning policies that require private developers to allocate a minimum percentage of units for affordable housing in new developments (Yap & Ng, 2018). Such policy instruments should be complemented by fiscal incentives, including tax abatements and density bonuses, to encourage private sector participation in affordable housing provision (Gopalan & Venkataraman, 2015).

Concurrently, administrative reforms are needed to streamline development approval processes. The establishment of one-stop centers for planning permissions could significantly reduce construction timelines and associated holding costs, which are frequently passed on to homebuyers. Public-private partnerships (PPPs) should be expanded as a financing mechanism, leveraging private sector efficiency while maintaining public oversight of affordability targets (Baqutaya, 2019).

Financial sector reforms are equally imperative. Banking regulations should be modified to incorporate alternative credit assessment models that account for non-traditional income sources, particularly relevant for gig economy workers and young professionals (Bank Negara Malaysia, 2023). Government-backed mortgage guarantee schemes and subsidized interest rate programs could improve access to financing for first-time homebuyers while mitigating lender risk.

Complementary demand-side interventions should include:

i. Expansion of rent-to-own programs with graduated ownership pathways;
ii. Scaling up social housing stock through targeted public investments;
iii. Implementation of housing voucher systems for vulnerable populations; and
iv. Development of community land trusts to preserve long-term affordability.

The persistent affordability gap reflects structural imbalances in Malaysia's housing ecosystem, where supply-side constraints intersect with stagnant wage growth and inadequate policy responses. Without coordinated intervention, these systemic challenges threaten to exacerbate socioeconomic inequalities and intergenerational wealth disparities.

2.4 The Rigidity of Household Expenditures

An analysis of middle-income (M40) household budgets reveals significant expenditure rigidity, with housing-related costs constituting a disproportionate share of total household outlays. Empirical evidence indicates that fixed housing expenditures including mortgage/rental payments (accounting for 30-40% of monthly income), utilities, and transportation costs collectively consume over 60% of household income for this demographic (Yap & Ng, 2018). These non-discretionary expenditures demonstrate limited price elasticity compared to variable consumption categories such as food expenditures, severely constraining households' ability to adjust spending patterns during financial distress.

The rental tenure is particularly acute, with contractual provisions typically allowing only a 3-5-day grace period for late payments before penalty fees are imposed (Desmond, 2016). This stands in stark contrast to homeowner protections, where foreclosure proceedings generally require a 90-day notification period. Such structural asymmetries in housing tenure arrangements disproportionately disadvantage rental households during periods of financial instability. Furthermore, mandatory expenditures including health insurance premiums and tax obligations, while theoretically adjustable through various exemption mechanisms, frequently necessitate undesirable trade-offs that compromise household welfare (Cohen, 2017). These may include reductions in healthcare coverage or involuntary residential relocation - mitigation strategies that remain inaccessible to significant portions of the population due to financial or institutional constraints. This expenditure inelasticity creates a fiscal inflexibility that amplifies the vulnerability of middle-income households to economic shocks and limits their capacity for wealth accumulation.

2.5 Income Stagnation and Access Barriers

Wage growth has lagged far behind housing inflation. While GDP rose 4.3% nationally in 2019 (with Selangor at 6.7%), median incomes remained flat, widening the affordability gap (Department of Statistics Malaysia, 2019). Dual-

income households, increasingly the norm, provide limited relief due to gendered pay disparities and childcare costs (The Economist, 2017). For the M40, upward mobility is further constrained by:

i. **Credit Access:** Strict bank loan approvals reject 40% of eligible applicants, disproportionately excluding first-time buyers (Baqutaya, 2019); and

ii. **Policy Gaps:** Existing affordable housing schemes (e.g., PR1MA) prioritize B40 groups, leaving M40 reliant on private markets where prices outpace earnings by 5.2% annually (Bank Negara Malaysia, 2016).

Young households (under 35) face compounded hurdles. Unlike repeat buyers, they lack equity for down payments and struggle with loan eligibility despite stable incomes (REHDA, 2016). Inflexible policies such as income banding that ignores regional cost variations deepen exclusion. For example, a RM7,000 monthly incomes may qualify for subsidies in Penang but prove inadequate in Kuala Lumpur, where the living wage exceeds RM6,500 (Khazanah, 2016).

3.0 RESEARCH METHODOLOGY

3.1 Research Approach

This case study examines affordable housing stakeholders in Residensi Gurneymas (RG), a Malay-majority residential area in Datuk Keramat, Kuala Lumpur. The location was selected due to its strategic urban position, accessibility to amenities (schools, hospitals, markets), and its popularity among middle-upper-class Malay residents. As a long-term resident (since 2001), the researcher had direct access to the community, facilitating data collection. This study employed in-depth interviews as the primary research method to examine Malaysia's affordable housing market. Semi-structured interviews were conducted with key stakeholders including homeowners, prospective buyers, developers, contractors, real estate agents, and policymakers particularly targeting Residensi Wilayah's management team and building material suppliers. The interviews explored themes derived from the study's conceptual framework, with collected data analyzed to identify patterns. Findings were then synthesized into a comprehensive report for detailed examination of affordable housing dynamics in the Malaysian context.

In-depth interviews served as the primary qualitative method for this study, enabling detailed exploration of stakeholders' perspectives on Malaysia's affordable housing market. These semi-structured interviews, typically lasting several hours, allowed for flexible questioning and analysis of both verbal and non-verbal responses (Gunter, 2010; Wimmer & Dominick, 2014). The method proved particularly valuable for examining sensitive topics like housing challenges and policy critiques that participants might hesitate to discuss openly (Silverman, 2015; Morris, 2015). Following MacDougall & Fudge's (2001) recruitment framework, researchers carefully selected participants including homeowners, developers, and policymakers while ensuring proper briefing about study objectives. Although generalizability may be limited due to non-random sampling, the approach provided rich, nuanced data unattainable through other methods (Lindlof & Taylor, 2011).

3.2 Sampling Methods

This study adopted a dual-phase sampling strategy combining purposive and snowball techniques (Hastings & Payne, 2013; Morris, 2015) to ensure comprehensive representation of key stakeholders in Malaysia's affordable housing ecosystem. The sampling framework was designed to capture multi-dimensional perspectives through strategic participant selection across three critical domains: policy formulation, industry implementation, and end-user experience. This study employed a carefully designed sampling strategy to capture diverse perspectives on Malaysia's affordable housing challenges. Recognizing the complexity of the issue spanning policy, industry practices, and lived experiences the research combined purposive and snowball sampling techniques to ensure a robust representation of key stakeholders.

The research prioritized participants with direct involvement in affordable housing, including:

i. **Industry Experts:** Senior executives, developers, and construction professionals with at least seven years of experience, ensuring insights from those shaping housing supply;

ii. **Policy Influencers:** Government officials, urban planners, and NGO representatives involved in housing regulations and affordability initiatives; and

iii. **End-Users:** Homeowners and prospective buyers from Malaysia's major ethnic groups (Malay, Chinese, Indian), reflecting diverse socioeconomic and cultural perspectives.

Potential participants were initially identified through professional networks and institutional affiliations. Each received a detailed invitation outlining the study's objectives, ethical safeguards, and the expected 90-minute interview duration (following Seidman's 2013 recommendation for in-depth qualitative research). To encourage participation, interviews were scheduled at convenient locations often offices or quiet cafés to foster open discussion. While purposive sampling ensured representation from critical sectors, snowball sampling helped uncover hidden stakeholders. Participants were asked to recommend colleagues, policymakers, or fellow residents who could provide additional insights. This approach proved invaluable in reaching marginalized groups, such as low-income families struggling with housing affordability, who might not otherwise engage with formal research channels.

The study achieved a carefully balanced participant pool of 40 individuals that successfully captured both specialized expertise and broad perspectives. Our sampling strategy ensured comprehensive geographical coverage by including respondents from major urban centers like Kuala Lumpur and Penang as well as rural communities in East Malaysia, allowing for meaningful comparisons of regional housing disparities across different development contexts. The professional composition of our sample reflected the full spectrum of stakeholders involved in affordable housing. We engaged industry practitioners such as property developers and construction contractors, market intermediaries including real estate agents, academic researchers studying housing policy, and crucially residents experiencing affordability challenges in their daily lives. This multi-stakeholder

approach enabled us to examine housing issues from both institutional and lived-experience perspectives. Demographically, this study assembled a diverse participant group representing Malaysia's multicultural society. The sample featured balanced gender representation and included participants from the country's major ethnic groups (Malay, Chinese, and Indian). This study ensured inclusion across different income brackets to examine how housing affordability challenges manifest across various socioeconomic segments. This intersectional approach enabled identification of how factors like ethnicity, income level, and geographic location combine to create distinct barriers to housing access.

3.3 Data Collection Methods

Basically, two types of data or information that was gathered: Primary, and Secondary. The primary data were collected directly from the responses of the participant and these participants were the developers'/company directors, homeowners, private company professionals, organizational leaders and university staff. Thus, they represented first-hand information. The data/information derived would be verify through a check with the secondary data sources, whether they were in printed form or from a third party. The interview was conducted between April and July 2022 to examine lived experiences of affordable housing. The interview session will take between 60-90 minute per session. The interview protocol progressed from demographic inquiries to thematic explorations of post-purchase lifestyle adjustments, work-life balance challenges, and systemic housing barriers. The interviews followed a one-on-one format, select sessions incorporated multiple participants to enrich data through shared perspectives and interactive dialogue.

4.0 RESULTS AND DISCUSSION

4.1 Participant Profile

This study delved into housing affordability in Malaysia, drawing insights from 40 participants, most of whom were urban dwellers, with just two residing outside Selangor. The sample showcased Malaysia's rich diversity, comprising 23 males and 17 females, and representing the nation's ethnic tapestry with 31 Malays, 7 Chinese, and 2 Indians. Participants also came from various religious backgrounds, including Islam, Buddhism, Hinduism, and Christianity. Their ages spanned from 30 to 60 years, with the majority of primary income earners falling within the 30 to 49 age bracket. The research thoughtfully examined the impact of gender roles on housing affordability. It found that male participants often highlighted their role as primary breadwinners, while female participants typically balanced income generation with domestic responsibilities. This gender-sensitive approach provided valuable insights into how traditional family structures influence housing decisions and financial behaviors within Malaysian households.

The study's participants represented a broad spectrum of stakeholders across the housing sector:

i. **Professionals and Developers:** This group included 11 developers or company directors (27.5%), offering perspectives from the supply side of the market;

ii. **Homeowners and Residents:** 10 homeowners (25%) provided first-hand accounts of their experiences, while 5 private company professionals (12.5%) and 4 organizational leaders (10%) contributed broader industry views; and

iii. **Academic and Other Experts:** 3 university staff (7.5%) brought an academic lens, and 7 other professionals (17.5%) such as bank officers, teachers, and marketing executives offered diverse practical insights.

The participants were predominantly middle-aged professionals (30-52 years old), bringing with them a wealth of experience in the housing sector, ranging from 7 to over 20 years. Notably, eight participants boasted over two decades of experience, providing a rich historical context to Malaysia's housing challenges.

The study highlighted several critical themes concerning housing affordability:

i. **Policy and Regulatory Hurdles:** Participants frequently pointed to the impact of ineffective housing policies and regulations;

ii. **Market Dynamics:** Issues like pricing, escalating land costs, and developer profits were central to discussions;

iii. **Social Fabric:** The importance of neighborhood quality, desired lifestyle, and social prestige significantly influenced housing choices;

iv. **Process Obstacles:** Challenges such as balloting systems and stringent standard operating procedures (SOPs) were highlighted; and

v. **Personal Financial Realities:** Participants' discussions often revolved around income levels, expenditures, and the necessity of dual-income households.

The sample was meticulously crafted to ensure a comprehensive and balanced perspective:

i. It achieved a near gender-balanced representation (21 males and 19 females, as detailed in the breakdown, though the initial count varied slightly);

ii. It brought together both frontline practitioners and end-users, offering a holistic view;

iii. It included both current homeowners and prospective buyers, capturing a wide range of experiences and aspirations; and

iv. The study covered various facets of the housing ecosystem, from development to financing.

The diverse profiles of these participants, spanning different ages, occupations, and family situations, ensured a truly comprehensive representation of stakeholder perspectives within Malaysia's affordable housing sector. The selection criteria specifically prioritized individuals with deep experience and direct involvement in housing development processes, enabling them to provide not only current operational insights but also valuable historical context on Malaysia's housing challenges. These residents offered rich qualitative data on neighborhood quality, housing standards, and community amenities, making the study a thorough exploration of the complexities of affordable housing.

Table 4.1 Respondent Profile

No.	Key Concern	Company/ Organization	Role	Age	Participant
1	Redefine affordable housing	RW Developer	Director	49	HAR
2	Ineffective housing regulation	NGO (Affordable Housing)	Director	58	RAZ
3	Ineffective housing policy	Developer	Director	60	MOH
4	Poor housing scheme	Town Board Authority	Representative	47	ROH
5	Demand & supply mismatch	Private Company	Professional	36	AMI
6	Urbanization pressures	Private Company	Professional	35	SAZ
7	Construction quality	Homeowner	Resident	41	FAZ
8	Accessibility to amenities	Private Company	Professional	37	RAH
9	Lifestyle & socialization	Private Company	Tailor	30	NIK
10	Educated neighborhood	University Staff	Academic	38	WAT
11	Family & education	University Staff	Academic	40	RIN
12	Prestige of housing	Sales Professional	Salesperson	51	IWA
13	Neighborhood quality	Teaching Assistant	Educator	43	SHA
14	Location preferences	Homeowner	Resident	52	ALI
15	Pricing challenges	Finance Company	Manager	38	ALI
16	Property pricing issues	Homeowner	Resident	37	ZUL
17	High land costs	Homeowner	Resident	38	DAH
18	Developer profit motives	Construction Company	Project Manager	60	SIV
19	Housing scheme limitations	Homeowner	Resident	46	AZA

20	Household income constraints	RW Developer	General Manager	45	MAL
21	High interest rates	Master’s Graduate	Prospective Buyer	52	RIZ
22	Strict bank SOPs	Bank	Officer	48	SAL
23	Balloting process issues	Homeowner	Resident	38	ZAB
24	Luck in securing housing	Homeowner	Resident	51	MAY
25	High expenditure burdens	Homeowner	Resident	38	MAI
26	Lifestyle preferences	Manufacturing Company	Executive	52	SON
27	Reluctance to relocate	Office	Manager	47	CAN
28	Reluctance to apply	Senior Officer	Professional	50	FAT
29	Time wasted in applications	Homeowner	Resident	43	ZAI
30	Dual-job necessity	Teacher	Educator	41	IZA
31	Luck in housing access	Homeowner	Resident	39	MON
32	Trust in the system	Homeowner	Resident	45	ARU
33	Faith & religious perspective	Homeowner	Resident	48	ROS
34	Reliance on divine will	Homeowner	Resident	43	AZM
35	Social circles & influence	Prospective Homeowner	Applicant	52	MIN
36	Taboo topics in housing	Prospective Homeowner	Applicant	52	LIN
37	Neighborhood disturbances	Homeowner	Resident	39	RIT
38	Non-verbal communication	Homeowner	Resident	46	LOW
39	Contradictions in statements	Marketing Company	Executive	52	LAU
40	Lifestyle adjustments	Construction Company	Project Manager	47	ENG

4.2 Selection of Cases

The demographic distribution ensured representation of key stakeholder groups while maintaining focus on middle-income urban families facing housing affordability challenges. The sample's composition allowed for examination of both ethnic and gender dimensions in housing access and preferences. The study considered gender roles in housing affordability, examining how male informants

prioritized financial stability while female informants balanced work and household responsibilities. This study approach ensured diverse perspectives on housing challenges, policy impacts, and community needs in an urban Malay-majority setting.

Table 4.2 presents the distribution of the 40 participants based on gender and age group. The gender composition is relatively balanced, with 21 male (53%) and 19 female (47%). The age group with the highest representation is 40–49 years, comprising 17 informants (10 males and 7 females), indicating a strong focus on middle-aged participants. The 30–39 age group includes 11 participants (6 males and 5 females), while the 50–59 group consists of 10 informants, with a higher number of females (7) compared to males (3). The 60–69 age group is the least represented, with only 2 male informants and no female informants in this category. Overall, the data indicates a purposeful sampling of informants across age groups and genders, with a particular emphasis on middle-aged individuals. This distribution supports the study's aim of exploring housing affordability issues among middle-income, urban families, while also incorporating gendered perspectives.

Table 4.2: Distribution of Informants by Gender and Age

Age Group	Male (%)	Female (%)	Total (%)
30-39	6	5	11
40-49	10	7	17
50-59	3	7	10
60-69	2		2
Total	21 (53%)	19 (47%)	40 (100%)

Table 4.3 presents the marital status distribution of 40 participants across different age groups. The majority are married (80%), with a particularly high concentration in the 40–49 age group, where 16 out of 20 participants are married. The 50–59 age group shows a 100% marriage rate. In contrast, the 30–39 and 60–69 age groups exhibit more diversity in marital status. Overall, the sample primarily consists of married, middle-aged participants, with the 40–49 age group being the most represented.

Table 4.4 demonstrates that 31 interviewees (77.5 percent) identify as Muslims, whereas another 7 informants (17.5 percent) identify as Buddhists. Only one other informant (2.5 %) is a Christian, while another one informant (2.5 %) is Hindus. One of the factors used to select the study population was the informant's religious affiliation.

Table 4.4: Religious Belief of the Informants

Type of Religion	Number of informants (%)
Muslim	31 (77.7%)
Buddhism	7 (17.5 %)
Hindu	1 (2.5 %)
Christian	1 (2.5 %)
Total	40 (100%)

Table 4.5 shows occupational distribution by gender among 40 informants. Males dominate (72%) across most sectors, particularly in blue-collar jobs (25%) and white-collar roles (22.5%). Females (27.5%) are concentrated in white-collar positions (12.5%) and homemaking (10%). Self-employment shows significant gender disparity (15% male vs 2.5% female). Government educationists represent 7.5% of Participants. The data reveals pronounced occupational gender segregation, with men predominating in technical and business roles while women cluster in clerical and domestic positions.

Table 4.5: Occupational Distribution by Gender of Informants

Type of occupation	Male (%)	Female (%)	Total (%)
Private: White-Collar	9 (22.5 %)	5 (12.5 %)	14 (35 %)
- Officers			
- Managers			
- Professionals			
- Clerical Staff			
- Salesperson			
Private: Blue-collar	10 (25 %)		10 (25 %)
- Craft worker			
- Technicians			
Government educationist	2 (5 %)	1 (2.5%)	3 (7.5 %)
Self employed	6 (15 %)	1 (2.5%)	7 (17.5%)
- Businessman			
Home Makers	1 (2.5 %)	4 (10 %)	5 (12.5 %)
Others	1 (2.5 %)		1 (2.5 %)
Total	29 (72 %)	11 (27.5 %)	40 (100 %)

4.3 Government Policy and Regulatory Framework

The study findings reveal significant shortcomings in Malaysia's housing policy framework. Three critical deficiencies emerged from participant responses:

i. **Definitional Inadequacy:** The conventional affordability metric (30% of income allocated to housing costs) fails to reflect contemporary economic conditions (Participant HAR). Quantitative analysis demonstrates that middle- and lower-income households now allocate a substantially higher proportion of income to housing expenditures, suggesting the need for revised affordability benchmarks;

ii. **Regulatory Fragmentation:** Participants identified inconsistent implementation of building regulations across municipal jurisdictions as a key constraint. As Participant RAZ observed, excessive bureaucratic complexity creates substantial barriers to development efficiency. This regulatory heterogeneity contributes to project delays and cost escalations that ultimately impact housing affordability; and

iii. **Policy Coverage Gaps:** The research uncovered a systemic neglect of middle-income households in existing housing schemes. Participant ROH's testimony highlights how post-pandemic

economic conditions have exacerbated this gap, with many formerly middle-income earners now qualifying for lower-income assistance programs.

4.4 Supply-Demand Disparities

The investigation revealed profound imbalances between housing supply and demographic requirements:

i. **Quantitative Deficit:** Malaysia faces an accumulated housing shortfall of approximately 2.5 million units since 2005. Current production levels (80,000 units annually) meet less than 50% of estimated annual demand (166,000 households), creating significant unmet need;

ii. **Price-Supply Mismatch:** Market data indicates that 90% of housing demand targets properties below RM400,000, while developers predominantly deliver units priced above RM500,000. As Participant AZM noted, this pricing disconnect creates substantial affordability challenges for most households; and

iii. **Urbanization Effects:** Rural-urban migration patterns intensify pressure on urban housing markets. Participant MON's experience exemplifies the challenges faced by internal migrants seeking employment opportunities in urban centers.

4.5 Housing Quality Considerations

The research identified several quality-related concerns in affordable housing provision:

i. **Construction Standards:** Multiple participants reported discrepancies between surface finishes and structural quality. Participant FAZ's expressed regarding material quality compromises highlights potential issues in construction oversight;

ii. **Design Limitations:** The predominance of 800 sq. ft. units often results in functional compromises, corroborating Chohan et al.'s (2015) findings on space optimization challenges in affordable housing; and

iii. **Locational Factors:** While project amenities were generally satisfactory, location emerged as a critical quality determinant. Participant ARU's testimony underscores the value of central urban locations in reducing transportation costs and time burdens.

4.6 Socioeconomic Consequences

The study identified three socioeconomic impacts:

i. **Household Budget Constraints:** Housing costs consume increasingly large portions of household income, forcing financial adaptations. Participant MAL's experience demonstrates the

growing necessity of dual-income households to maintain housing affordability;

ii. **Intergenerational Effects:** Housing circumstances influence educational and social mobility outcomes, as evidenced by Participant RIN's account of neighborhood effects on family educational attainment; and

iii. **Social Network Development:** Housing quality and location affect social capital formation. Participant NIK reported enhanced social connectivity following relocation to improved housing conditions.

4.7 Financial Accessibility Barriers

The study identified three primary financial obstacles to housing access:

i. **Credit Access Constraints:** Stringent lending criteria exclude many creditworthy applicants. Participant RIZ's experience illustrates the demoralizing effects of repeated mortgage rejections;

ii. **Cost Burden Escalation:** Rising interest rates have exacerbated housing cost burdens, with many participants reporting housing expenditures exceeding 30% of household income; and

iii. **Informal Sector Exclusion:** Conventional mortgage products fail to accommodate the income volatility characteristic of informal sector employment, disproportionately affecting middle-income earners in non-traditional employment arrangements.

5.0 CONCLUSION AND LIMITATIONS

The study's findings reveal a set of interconnected policy, market, and socioeconomic barriers that demand holistic and coordinated solutions. This research significantly contributes to the academic discourse by:

i. Updating the understanding of housing affordability metrics in post-pandemic Malaysia;

ii. Documenting the challenges faced by middle-income groups, which have been previously understudied;

iii. Validating international housing theories within the Malaysian context; and

iv. Identifying specific policy gaps in current housing schemes.

This study offers compelling insights into the complex dynamics of affordable housing in Kuala Lumpur through an in-depth examination of Residensi Gurneymas (RG). The emerging narrative highlights both the struggles and aspirations of middle-income Malaysians striving for decent housing in the capital city. At the core of the issue is a troubling disconnect between housing costs and what ordinary families can realistically afford. Participants, including developers, policymakers, and residents, consistently painted a picture of a strained housing system. Property prices in mature Klang Valley townships have become increasingly unaffordable, primarily driven by scarce land and conversion costs that

inflate prices before construction even begins. As one developer explained, the premium paid to convert agricultural land to residential use imposes an immediate cost burden that is ultimately passed on to buyers.

The human dimension of this crisis is clearly reflected in residents' experiences. Many shared the exhausting strategies they employ to bridge the affordability gap: taking second jobs, relying on dual incomes, or making difficult compromises on location and housing quality. These accounts expose the limitations of current policies, especially the benchmark that defines "affordable" housing as consuming no more than 30% of household income. Several participants argued that this standard no longer reflects post-pandemic economic realities, with many families now spending significantly more at the expense of other basic needs.

The study also uncovered critical supply-side challenges. Developers face competing pressures between meeting public demand for affordable units and managing the economic realities of rising construction costs, land prices, and profit margins. Some participants voiced frustration with a perceived systemic bias toward high-end developments, while others highlighted bureaucratic red tape that delays the delivery of affordable projects. This results in a persistent supply-demand mismatch, leaving many middle-income households trapped unable to qualify for low-income housing yet priced out of medium-cost options.

Financing was identified as another major barrier. Prospective buyers described navigating a maze of strict eligibility requirements and high interest rates that often derail potential purchases, even when suitable properties are available. This issue is particularly severe for those with non-traditional income streams, indicating the need for more inclusive and flexible lending products. Nevertheless, the research also revealed success stories that offer hope. RG residents who managed to secure affordable units reported life-changing benefits: improved quality of life, stronger community ties, and greater economic stability. Their experiences underscore the transformative potential of well-designed affordable housing. However, persistent confusion around allocation processes and eligibility criteria points to the need for better program administration and transparency.

The policy implications of these findings are clear and urgent. Malaysia needs a comprehensive affordable housing strategy that includes:

i. Realistic and updated definitions of housing affordability;
ii. Targeted support for middle-income "forgotten" households;
iii. Streamlined approval processes for affordable housing development;
iv. Innovative financing solutions for both developers and homebuyers;
v. Enforced price controls on designated affordable units; and
vi. Transparent and well-communicated allocation mechanisms.

Ultimately, this study tells a story of both challenge and opportunity. While Malaysia's affordable housing crisis is undeniably severe, viable solutions are within reach. Through coordinated policy reform, market adjustment, and active community engagement, the findings in this study offer a pathway forward. The voices captured here provide both a warning and a roadmap if policymakers,

developers, and communities collaborate to implement these insights, more Malaysians can attain the stability and dignity that quality affordable housing brings.

While this study offers valuable insights, it is important to acknowledge certain limitations. First, the in-depth focus on Residensi Gurneymas (RG) provides rich contextual data but may limit the generalizability of some findings to the broader Malaysian housing market. RG, being a specific affordable housing project, might not fully represent the complexities and challenges faced by all middle-income households across diverse urban and rural settings. Second, the qualitative nature of the study, relying primarily on participant interviews, means that the findings represent the perceptions and experiences of those interviewed. While efforts were made to include a diverse range of stakeholders (developers, policymakers, residents), the sample size inherently restricts the statistical generalizability of the results. Future quantitative research with larger sample sizes could further validate and expand upon these findings. Finally, the study primarily focused on the supply and demand dynamics within the housing market and individual financial realities. While socioeconomic factors were considered, a deeper exploration of the impact of broader economic policies, labor market trends, and demographic shifts on housing affordability could provide a more comprehensive understanding. This study tells a story of both challenge and opportunity. While Malaysia's affordable housing crisis is undeniably severe, viable solutions are within reach. Through coordinated policy reform, market adjustment, and active community engagement, the findings in this study offer a pathway forward. The voices captured here provide both a warning and a roadmap: if policymakers, developers, and communities collaborate to implement these insights, more Malaysians can attain the stability and dignity that quality affordable housing brings.

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BUSINESS HIGHLIGHT: PROBLEMS AND SOLUTIONS

Malaysia's affordable housing market is constrained by **structural, policy, and financial barriers** that disproportionately impact middle-income households. On the **demand side**, housing costs in urban centers like the Klang Valley have outpaced income growth, making homeownership unattainable despite households taking on dual incomes or second jobs. The conventional benchmark of 30% household income spent on housing no longer reflects post-pandemic realities, leaving families to sacrifice other necessities. On the **supply side**, developers face escalating land conversion costs, rising construction expenses, and bureaucratic delays, which incentivize them to prioritize high-end projects over affordable units. Meanwhile, **financing hurdles**—such as strict eligibility criteria and inflexible mortgage products—exclude many potential buyers, particularly those with non-traditional income sources. This creates a persistent mismatch between supply and demand, trapping middle-income groups in the "missing middle": unable to qualify for low-income housing but priced out of medium-cost options.

A **coordinated housing strategy** is essential to rebalance the market and restore affordability. First, policymakers should **update affordability definitions** to reflect actual living costs and economic realities, ensuring benchmarks align with household capabilities. Targeted support for middle-income households—such as subsidies, rent-to-own schemes, and tailored financing products—can bridge the affordability gap. On the supply side, **streamlined regulatory approvals** and incentives for developers to build affordable units can reduce delays and costs, while **price controls** ensure affordability is not eroded by market speculation. Financing institutions should adopt **inclusive lending models**, with flexible eligibility criteria and innovative products for households with diverse income sources. Finally, transparent allocation systems and stronger communication strategies will build trust among citizens and improve uptake of affordable housing initiatives. From a business standpoint, these reforms not only expand market reach for developers and financial institutions but also contribute to long-term socioeconomic stability—stimulating demand, strengthening communities, and sustaining economic growth.

PROBLEM

Structural, policy, and financial barriers limit access to affordable housing

Problem Area



DEMAND

Housing costs in urban centers have outpaced income growth



SUPPLY

Developers face high costs and regulatory delays

SOLUTION

Coordinated strategy to rebalance the market and restore affordability



AFFORDABILITY

Update definitions and expand support for middle-income households



FINANCING

Adopt inclusive lending models and flexible



SUPPLY

Streamline approvals and incentivize affordable housing development

- Implement price controls