

An Overview of Masaqid Al-Syariah on Homeownership and Young Graduate's Wellbeing through Sustainable Affordable Housing

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Abstract

Affordable housing study in Malaysia became widespread in the early 21st century since the government encourage home ownership for all income groups and beforehand the government was focused on the low cost housing provision. However, in the early affordable housing study, most of the research emphasis on affordability among the middle income group instead of study in different generation affordability, particularly among young graduate's affordability. Hence, this paper will discuss on young graduate housing affordability in urban area and to be more specific, observing the negative consequences of unsustainable affordable housing that reflex to young graduate's well-being. Affordable housing issue for young graduate is a vital issue as they are considered not eligible to purchase the low cost housing and cannot afford to buy the middle and high cost house. Another essential point, young graduates who are just entering into the employment market in certain duration of the period with a monthly salary approximately RM 3000 have negative impact to their quality of life. In addition, marriage is common among fresh graduates in Malaysia and this adds to the pressure of purchasing an affordable housing that allows them to start a new family and they also consider in getting marriage and importance for them to having a house as beginning to dictate important decisions such as starting a family. Furthermore, this paper will discuss homeownership in Islamic perspective or Maqasid Syariah.

Keywords: *Affordable Housing, Sustainable Affordable Housing, Young Graduate, Well-Being, Maqasid Syariah.*

1. Introduction

Home can be considered as a fundamental human need, whether the people purchase or lease a house to shield them from instability. Then again, a house is beyond than shelter, as pointed out by Bourne (1981), it also plays a vital role as psychological significance and economic well-being and individual wealth. On the other hand, in the competitive world these days, home ownership is expected to be seen as creating wellbeing among the society. Under the circumstances, wellbeing is reflected in the quality of life, for example, giving society with residential stability, which can enhance physical and psychological well-being, lessen exposure of stress and have a sense of belonging. In Malaysia, the housing issue has begun in early independence, which the government was a key player in giving society the minimal cost for housing. During this period, providing a house is expected to be sheltered, which the people wished for it as a protection. As Agus (2001), N. Idrus and Ho (2008) pointed out that during the colonial era, the squatter type was dwelling (hovel) and overcrowded cubicles are requiring a consideration. The effort in giving the low cost house was kept amid Tun Abdul Razak administration through the New Economy Plan (NEP), and took after by the National Development Plan, which both arrangement emphasised on the eradication of hard core poverty. However, the housing provisions nowadays are beyond a shelter, which the people require a house for their wellbeing. In another word, people are not only required a dwelling, as well as the more vital aspects is sustainable. Numerous previous researchers were accentuated on housing affordability among the middle income groups and overlook the affordability for a different generation. Presently, the researchers

began concentrating on young generation affordability, but this group inclusive all backgrounds of youngsters. Consequently, this paper concentrates on young graduate's housing affordability, particularly in urban areas since this specific group appears in disadvantage condition. Other than that, a house dependably viewed as a fundamental need likely food and beverage, however, in masaqid syariah viewpoint, it will be clarified in distinctive perspective.

2. Young Professional's Affordability

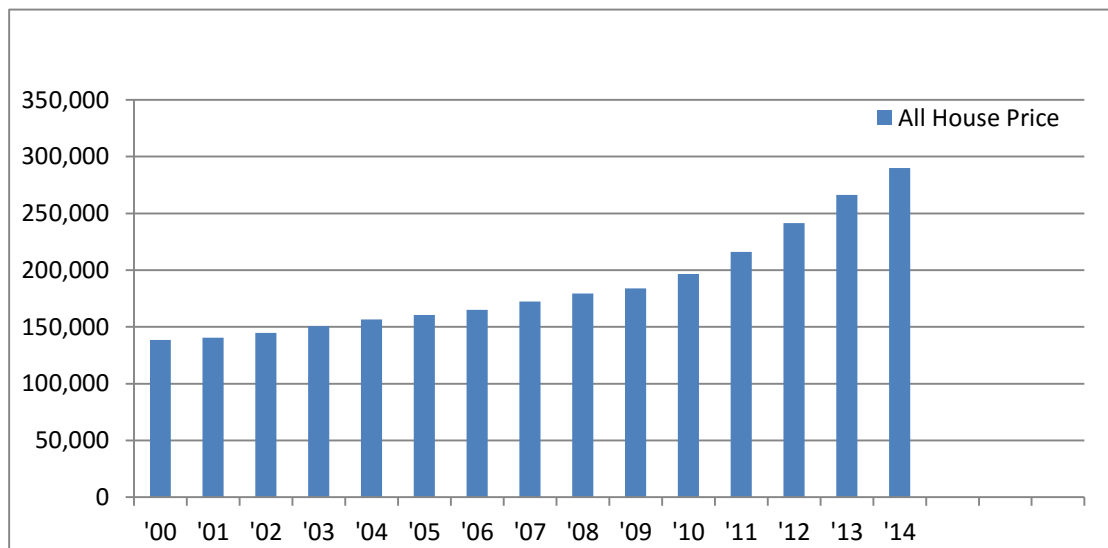
Housing affordability among the young people is a crucial issue. Similar to the Youth Access (2007) views that young people are suffering with enormous obstacles, as they are more likely triples to experiences rented housing and homeless issue compared to other age group. In Malaysia's context, young graduate also experiences almost the same circumstances, which they cannot afford to purchase middle and high-cost housing, and regrettably they do not eligible to buy the low-cost house due to some restriction. As pointed out by Mak, Choy and Ho (2007), this group recognised as "Sandwich Class" barely to prepare housing down payment and unfortunately, they also disqualified for the government housing aid due to the pre-determined financial criterion.

The young professional group is distinguished to other young groups due to educational background. As documented by the Department of Statistics (2011), the graduates are referred as people who hold a Diploma or Bachelor Degree. However, in this study, the graduate with a Bachelor Degree is a target group due to, they are earning slightly better income compared to Diploma holder and also categorized as a middle-income earner but yet considered to be the victim of the volatility house price circumstances. Age is another criterion; however, there has no consensus on the young graduate's age precisely. In the Malaysia context, young people will finish their high school certification at age of seventeen, before turning to tertiary education, whether to pursue their Diploma for three years or matriculation for one year. Then, it followed by the Bachelor Degree for three year's duration of the period. Therefore, the young people will start their career as early as 22 years old. In terms of young graduate salary, it depends on types of field employment.

The concept of an affordable house differs to housing affordability. Many researches in Malaysia were explaining the affordable house as housing affordability concept. The first thing to remember that affordable housing is tended to explain the characteristic of housing. As an example, Lin (2001) deliberated that affordable house in Guangzhou, China consists of three main characteristics. Firstly, the affordable house must be provided by the government, which the government intervention is necessary in every process of housing provision includes location, housing type, building standards and the house price. Secondly, the consumer of affordable housing is fixed to the certain group. Hence, the selection of affordable housing application is complicated. Whereas, the housing affordability is referred as the relationship between house price and home ownership ability. In the same way, Yang and Shen (2008) and Stone (1994) agreed that affordability is not housing characteristic, as further explanation by Yang *et al* (2008), it is a housing service characteristic since indicates the consumer capability to pay a house. Whereas, Stone (1994), argued that affordability is a relationship between housing cost, household income, and a standard of affordability.

Additionally, many authors argued that housing affordability is influenced by the levels and distributions of house prices, household income and the structure of financing cost (Bramley, 1994; Johnson, Ladd, & Ludwig, 2002). Another essential point, Bramley (1990) mentions to define affordability, the remaining income left after housing cost is paid in the form of the residual income. Besides that, the Housing and Urban Development (HUD) measure is the most widely used, affordability refers as total housing cost at or below 30% of income (Belsky, Goodman, & Drew, 2005). However, Jewkes and Delgadillo (2010), argued that HUD's measure is conventional. Stone (1993) also agreed that HUD's measure is not an appropriate standard for determining the limits of affordability. Despite that, Linneman and Megbolugbe (1992) stated that HUD's measure is often considered the definition of housing affordability. As mention earlier, affordability is closely linked to the house price. Therefore, the bar charts in figure 1 and 2 are depicting the house price movement in Kuala Lumpur.

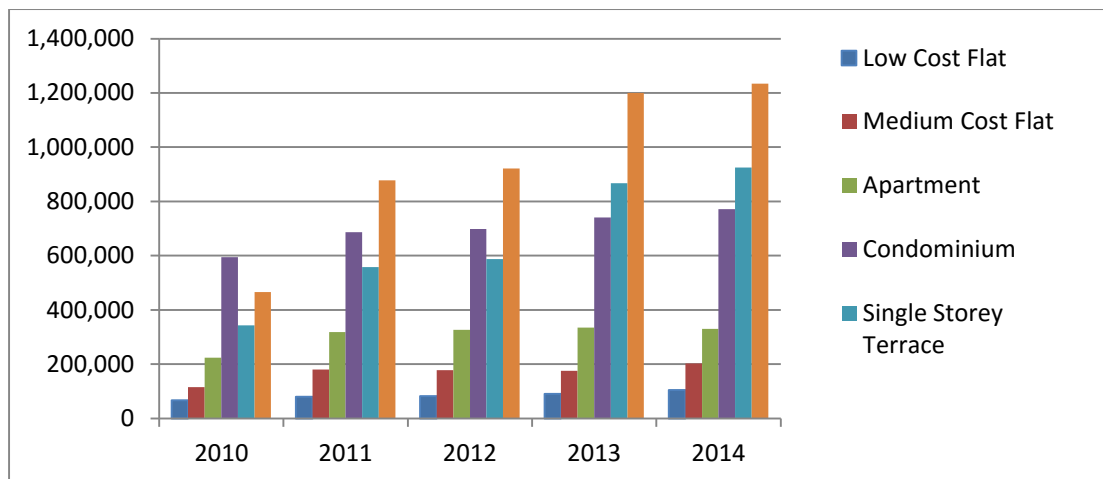
Figure 1: All House Price Annual in Malaysia from 2000 to 2014



Source: Valuation and Property Service Department, Ministry of Finance Malaysia

The bar chart in figure 1, illustrates all house price movement from 2000 to 2014. It is noticed that the house price rose slightly for the first six years, which is the house price stood at only RM 140,000 in the year 2000. However, starting in the year 2007, experienced a significant rise in the all house price and the price reaching a peak of approximately RM300,000 in 2014, which this amount about doubled than house price in 2000.

Table 2: Prices of Various Residential Property, from 2010 to 2014.



Sources: Property Market Report (2010-2014), Valuation and Property Service Department.

Meanwhile, in figure 2, the bar chart compares the price of various house types between 2010 and 2014. Similar to the figure 1, the house price in figure 2 also followed a similar trend. However, it is apparent that, from 2010 to 2014 witnessed a sudden increase in the double and single storey terrace house price compared to others, which it stood at RM 450,000 and RM 380,000 respectively in the year 2010. Surprisingly, these amounts increase more than doubled over the following four years, about RM 1,200,000 and RM 900,000 respectively. On the other hand, the condominium stood at the highest price, about RM 600,000 in the first year and outnumbered the single and double storey terrace house. The condominium prices rose gradually and finish the period at just below RM 800,000. While, apartment type experiences a significant increase in the price for the year 2011 and after that remains stable for three consecutive years, and finish at approximately RM330,000. Then, for the medium and low cost flat also stated increasing in the price, but throughout the period, both types were not over than RM 200,000.

According to the figure 2, three types of house comprise the double and a single storey terrace and condominium are definitely unaffordable for young graduate with salaried about RM 3000 per month. These three types of house are worth more than RM 300,000. Whereas, the house type such as apartment and medium cost flat seem affordable for young graduate since the price of the apartment is below than RM 400,000 and medium cost flat is below than RM 200,000. Similar to others, the low cost flat also has increased in the price, but it still afford to buy. Unfortunately, young professional is disqualified to do so.

Another essential point, as what had been claimed by W. Aziz, N.Hanif & Singaravello (2010), affordability in Kuala Lumpur for middle income earning with monthly salary RM 4001 to RM 6000 is between RM 180,000 and RM 200,000. Young graduate can be categorized as the middle income earner and first home buyer. Therefore, in accordance to the W. Aziz *et al* (2010) finding, a general assumption can be made is that most of young graduate with salary between RM 3000 and RM 6000 can afford to buy a house priced not exceed than RM 200,000. Besides that, a few of young graduate can afford to own an apartment priced at just below RM 400,000.

Equally important, income is also influencing the affordability. It is important to note that the Malaysian income movement does not parallel with raising the house price. Kim, Duke, Ha, Eckerd, Foo & Qureshi (2014) posit that the Malaysia residential unit

price soaring more significantly than income movement and this situation began in the fourth quarter of 2011. To elaborate, Kim et al (2014) adds that the gap between the housing price and the average annual nominal GDP constant occur, which the data of Bank Negara Malaysia shows that the housing price growth approximately 10.8% and the GDP growth only half than housing price growth (5.5%) in the second quarter of 2013.

3. Sustainable of Affordable Housing and Wellbeing in Maslow Theory and Maqasid Syariah perspective.

Sustainability of the affordable house in this study context, it does not mean to explain the “green building” aspect as it often considered from a resource saving (green) perspective. On the other hand, it referred as shelter that the next generation will still be able to buy a house for their wellbeing. To elaborate, there have enormous positive effects on young graduate’s home ownership. The quality of affordable housing is able to enhance student success in school; help adults secure and maintain employment, and provide a healthier living environment for families (Heintze et al. 2006; Miles and Jacobs 2008; Mueller and Tighe 2007). Affordable housing has been linked with improving health and education. When the housing is affordable, families can spend more funds and resources on medical care, nutritious food, transportation to work and quality day-care services. Cohen (2011) posits that homeless children are more vulnerable to mental-health problems, developmental delays and depression than children who stably housed. This also can be exemplified by Harkness and Newman (2005) in their finding that the deleterious effect of unaffordable housing on children’s wellbeing operates mostly through material hardship in early childhood.

Based on the ideas of the importance of home ownership among young professional, it also can be explained by the theory of basic need by Maslow and *Maqasid al-Shariah* in Islamic perspective. Firstly, in Maslow’s theory, the needs are arranged in a hierarchical order, which mean the lowest order must be obtained before climb to the highest level. The most basic drives are physiological and followed by safety, belonging, self-esteem and self actualisation needs. At the physiological level, cost and convenience are paramount considerations. Then, at the safety level, young graduate needs a house for privacy and free from the vagaries of the rental market. Carthy et al (2001) deliberated that home-ownership offer better housing security than renting in three ways such as free to customize the homes, enjoy higher quality dwellings and enjoy diminishing housing costs. Meanwhile, at the belonging level, the social aspect of a home is emphasized and at the self-esteem level, more than pure functional values in a home are sought. Finally, self actualisation is expressed the individual taste and value. According to Harris and Young (1983), mention that shelter and privacy from a physical dimension, location and amenities combine into a social dimension, and investment represents an economic dimension.

Secondly, *Maqasid al-Shariah* is also able to explain the importance of home ownership in Islamic perspective. As documented by Majid, Mahmud, and Aziz (2012), *Masaqid* is an Arabic word (singular *maqsid*) connotes the goal set by *shariah* (a set of laws) to be achieved for the benefit of mankind, or in other words, it means the objective of *Shariah*. Primarily, *al-Shariah* is from the Holy Al-Quran and *Sunnah*, which Al – Quran is the direct commandment of Allah while *Sunnah* is often denoted to *hadith* is

comprised all proverbs or saying, deeds by Prophet Muhamaad (peace be upon him). This concept of *Maqasid al-Shariah* consist of three categories, namely as *Maqasid Darūriyyah* (essentials), *Maqasid Hājiyyah* (necessities) and *Maqasid Tahsīniyyah* (desirable). According to al-Shātībī who firstly, introduced the *Maqasid* in his publication of *Al-Muwafaqat*, the importance of life is referred as a basic element to sustain life, and it will cause drawback if it does not exist in human beings (Mohammad and Shahwan, 2013). This is also in line with Imam al-Ghazali mentions that ‘the objective of the *shariah* is to promote the well-being of all mankind’. There have five elements in the *Maqasid al-Shariah* comprise faith (*ad-din*), life (*hifdh an-nafs*), intellect (*al-‘aql*), lineage (*an-nasl*) and property or wealth (*al-māl*), which all of these elements need to be protected and preserved.

One of the *Maqasid al - Shariah*’s objectives is the life protection and this is the key will be discussed. As pointed out by Ali and Hasan (2014), the *fiqh* terminology refers to elimination of degrading factors (*daf al-mafasid*) and attainment of beneficial (*jalb al Masaleh*). Ali et al (2014) also added, with specifically explaining the life protection is about the protection against to attack on life (by others or self-inflicted), violent crimes, injury (by another or self-inflicted or due to exogenous factors), loss of dignity and honour, disease, unhealthy living conditions, hunger, poverty and fear and insecurity of life. Then, the attainment perspective, it comprises the health, quality of life, moderation in consumption and healthy habits. Thus, as caliph to Allah, everyone has a responsibility to protect their self or life of getting involved in adverse things (*Mafsadah*) and always make efforts toward kindness (*Maslahah*) in order to achieve wellbeing. With regards to home ownership, *Maqasid al-Shariah* stands as its pillar and guide human life to achieve sustainability.

The key aspect discussed in this paper is how the affordable housing is needed among young graduate to protect their wellbeing? However, beforehand, the house also plays a vital role to protect religion, lineage, developing intellect and creating wealth. Having a good quality of life is becoming a desire for everyone, and the well-known saying by Prophet Mohammad (peace be upon him) *baiti jannati* (my house is my paradise) explains that family environment can be: peaceful and loving. It also depicts that the happiness comes from home. The house which meets the needs of the young professional can improve their wellbeing. This can be proofed by Braubach (2011); Marmot, Friel, Bell, Houweling, Taylor (2008); Shaw (2004) with mentioning that housing is a fundamental aspect to determine the health and well-being of individuals and households. Hence, inability of home ownership will cause adverse consequences and lead to instability of young graduate’s wellbeing.

Firstly, the young graduate would stay in risky condition due to housing stress when they have to allocate more than 30 per cent of income in housing cost. According to Rowley and Ong (2014), found that the longer the housing stress is linked to poor health. For instance, if the households have suffered stress for more than three years, she or he potentially experiences poor health. In addition, Rohe, Zandt and McCarthy (2001) argue that home ownership will offer the benefit to the homeowner due to, they have assets for providing better health care. However, on the other hand, if the owner buying a house without have capability to pay back for housing cost, it will cause devastating consequences to their psychological and physical health. Besides that, Rohe et al (2001) also added that own a house will protect the buyer in terms of security of tenure and for this reason the homeowner will enjoy and less stressful life compared to

the renters. Another example by Nettleton and Burrows (1998), who have studied on health impact of constraint in housing cost payment, found that the people's wellbeing tend to decrease. Thus, there is a positive association between home ownership and human being's health. It has been shown that, home ownership with capability of housing cost is closely linked to protecting the human being's life and remain their wellbeing as advised in the *Maqasid al-Shariah*.

Another compelling point, home ownership is considered as life protection as it can be seen in the insurance context. As stated by Elsinga, Decker, Teller and Toussaint (2007), the homeowner is prevalent to subscribe the building, household and an owner's insurance policy, which it's useful against uncertainty. For example, in Malaysia, Mortgage Reducing Term *Takaful* (MRTT) broadly applies to the home purchasers to offer protection. Specifically, MRTT provides protection to the home buyer and their family, for instance; in the event of death or permanent disability, the home buyer will be protected of the home financing payment. Besides that, this would help the family members preventing a serious financial liability and offer them peace of mind (Mikail, Ahmad, Khir and Furqani, 2013)

4. Conclusion

Based on an explanation above, it is apparent that young graduate who earns approximately RM 3000 in urban areas experience difficulty for housing affordability. Then, this leads to devastating consequences to their well being. The Masaqid al-Shariah have been explained about the importance of the house for their well being and sustainability.

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