

**AFFORDABLE HOUSING AND THE  
WELL-BEING OF URBAN FAMILIES IN  
PENANG ISLAND, MALAYSIA**

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WELL-BEING OF URBAN FAMILIES IN  
PENANG ISLAND, MALAYSIA**

**by**

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## LIST OF ABBREVIATIONS

B40	Bottom 40% household income group
BNM	Bank Negara Malaysia
EPU	Economic Planning Unit
HBA	National House Buyers Association
KRI	Khazanah Research Institute
M40	Middle 40% household income group
MQLI	Malaysian Quality of Life Index
MWI	Malaysian Well-being Index
NAPIC	National Property Information Centre
PR1MA	Perbadanan Perumahan Rakyat 1Malaysia (PR1MA)
PPA1M	Perumahan Rakyat 1 Malaysia
PPR	Program Perumahan Rakyat
QOL	Quality of Life
REHDA	Real Estate and Housing Developers' Association Malaysia
RM	Malaysian Ringgit
RMK-10	Tenth Malaysia Plan
RMK-11	Eleventh Malaysia Plan
RMR1M	Rumah Mesra Rakyat 1 Malaysia
SPNB	Syarikat Perumahan Negara Berhad
UN-HABITAT	United Nations Human Settlements Programme
WCED	World Commission on Environment and Development

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**PERUMAHAN MAMPU MILIK DAN KESEJAHTERAAN KELUARGA  
BANDAR DI PULAU PINANG, MALAYSIA**

**ABSTRAK**

Pulau Pinang kini sedang melalui pembangunan bandar yang pesat justeru terdapat pertumbuhan secara jelas dari segi jumlah penduduk di dalam bandar yang mengakibatkan peningkatan permintaan terhadap perumahan. Kekurangan tanah di Pulau Pinang telah membawa kepada senario yang mendorong peningkatan kepadatan dan nilai guna tanah. Hal ini telah memberi impak yang negatif terhadap kesejahteraan dalam kalangan keluarga yang mendiami Pulau Pinang. Objektif tesis ini adalah untuk memahami pentakrifan konsep perumahan mampu milik oleh keluarga bandar di Pulau Pinang, mengenal pasti isu dan cabaran yang dihadapi oleh keluarga bandar di Pulau Pinang mengenai pemilikan perumahan mampu milik, dan untuk menganalisis kesan perumahan mampu milik ke atas kesejahteraan keluarga bandar. Untuk mencapai objektif tersebut, 31 ketua isi rumah bandar daripada golongan berpendapatan rendah dan sederhana di Pulau Pinang telah dipilih dengan teknik persampelan bertujuan dan ditemu bual melalui kaedah temu bual separa berstruktur. Pemerhatian langsung turut dilakukan untuk memahami gaya hidup keluarga dan keadaan hidup semasa mereka dengan lebih lanjut. Data kualitatif yang telah dikumpul kemudiannya dianalisis dengan teknik analisis kandungan tematik. Kajian ini mendapati lima isu utama dan cabaran yang dihadapi oleh keluarga bandar di Pulau Pinang iaitu, harga rumah yang tinggi, kekurangan perumahan mampu milik, kos hidup bandar yang tinggi, kesulitan untuk mendapatkan pinjaman bank dan pendapatan rendah. Jika isu dan cabaran ini tidak mendapat pertimbangan serius oleh pihak yang berkenaan, ia akan menjejaskan kesejahteraan keluarga bandar di

Pulau Pinang. Oleh itu dicadangkan supaya pihak yang berkepentingan perlu memainkan peranan mereka dengan berkesan dalam menjayakan konsep perumahan mampu milik; keluarga bandar harus mempunyai perancangan kewangan yang lebih baik; penggubal dasar perlu memastikan pelaksanaan konsep yang seragam; dan pemaju tempatan perlu bekerjasama dengan pihak kerajaan dalam pembinaan skim perumahan tersebut.

# **AFFORDABLE HOUSING AND THE WELL-BEING OF URBAN FAMILIES IN PENANG ISLAND, MALAYSIA**

## **ABSTRACT**

As Penang Island is going through rapid urban development, there is an obvious growth in the urban population which eventually result in the increase of demand towards housing. The scarcity of land leads to a scenario that pushes up the land use density and values that lead to concerns that are reflected on the well-being of the urban families in Penang Island. The objectives of this thesis are to understand how the urban families in Penang Island define the concept of affordable housing, to identify the issues and challenges faced by urban families in Penang Island pertaining to affordable housing ownership and to analyse the effects of affordable housing on the well-being. To achieve the objectives, 31 heads of urban households from the low- and middle-income groups in Penang Island were selected using purposive sampling technique and interviewed through semi-structured interview method. Direct observations were also carried out to understand more about the living style of these families and their current living conditions. Subsequently, the qualitative data collected were analysed using thematic content analysis technique. This study found five main issues and challenges faced by the urban families in Penang Island which are expensive pricing of houses, lack of affordable housing, high urban living cost, difficulties to obtain bank loan and low income. The issues and challenges, if not taken into serious consideration by the relevant parties, will affect the well-being of urban families in Penang Island. It is suggested that the stakeholders should play their role effectively for a successful implementation of affordable housing concept; urban dwellers to have a better financial planning; policy

makers to ensure a more standardised implementation of the concept; and local developers to cooperate with the government in constructing the housing schemes.

## **CHAPTER ONE**

### **INTRODUCTION**

#### **1.1 Background of Study**

The United Nations has projected that the present world population is standing at 7.6 billion. In future, this figure is deemed to gradually progress and hit 11.2 billion in 2100 with an additional of approximately 83 million world citizens born into the world at an annual rate (The Economic Times, 2017). The growth in global population is meant to happen and the figure shall continue to escalate (The Economic Times, 2017). To date, the urban areas are filled with 54% of the world populations and the percentage is projected to hike to 66% by 2050 (United Nations, 2014). This scenario of increasing population, especially within urban areas, is due to rapid urbanisation that takes place across the globe. Furthermore, the United Nations (2014) predicts an additional of 2.5 billion people added to the urban population by 2050 with almost 90% of them concentrated in both Asia and Africa, primarily due to the rapid urbanisation, along with the overall growth of the world population. In fact, the combined amount of urbanisation and the overall growth of the world's population show that people tend to continue moving to urban areas in the future. Consequently, many nations are slapped with challenges to provide adequate basic needs, such as housing, infrastructure, transportation, energy, employment, education, and health care, for their ever-increasing urban population (United Nations, 2014).

The basic needs stated within this context refer to all the resources essential to a human being in attaining long term physical well-being. Traditionally, the list of

immediate 'basic needs' includes food, shelter, and clothing (Denton, 1990). As for the case of the modern list, 'basic needs' emphasize on the minimum level of consumption, not only food, shelter, and clothing, but also education, sanitation, and health care. With the rapidly increasing number of population, a hike in demand by the people is noted so as to fulfil their basic needs. In the discourse of development, the basic needs model focuses on the measurement of what is believed to be an eradicable level of poverty. With that, the focus of people on their basic needs in this study is pertaining to housing. Besides, Currie (1980) asserted that housing is indeed a human right, a basic need, and a must have priority in any national development. In fact, the human population has begun improving their living. In order to achieve this, the human population moves into urban areas that define the very concept of urbanisation. With the rapid progress of urbanisation in every corner of the world, a scenario emerges where supply for housing is slowly becoming an issue among urbanites as shelter is an essential basic human need.

Urbanisation has placed stress upon housing development due to the rapid increase in the population rate, mainly in major urban areas and in recent years, particularly among developing countries, such as Malaysia (Hamizah, Fatimah, & Hazlina, 2012). At present, approximately 75.37% of the Malaysian population or about 24 million people are urbanites (The World Bank, 2016; The Star Property, 2018). In addition, the World Bank has estimated that by 2050, 87% of Malaysians or 37 million people are deemed to live in urban areas. The shift of Malaysians to the urban areas is due to the attraction found in urban areas, especially the vast availability of job opportunities for a better quality of life (QOL). Hence, it is foreseen that as Malaysia is turning into a developed and high-income nation, the urban population

will continue to grow, and consequently, presents a high demand for housing in urban areas (Shadiya, 2016).

The housing provision in any nation is vital as it secures socio-economic stability and aid in national development (United Nations, 2012). While adequate housing is vital to the development of world economies, communities, and populations, it seems that the percentage of people without access to decent and stable housing is on the rise (Florida, 2017). Moreover, the United Nations has estimated that by year 2030, an additional 3 billion people or about 40% of the world's population would require access to housing (UN-HABITAT, 2005). Unfortunately, especially in developing countries, supply is often limited by poor governance systems and lack of human resources (United Nations, 2012). This appears to be a drawback to families with lower income, especially to own a home. Owning a home may mean sacrificing savings and accumulating wealth in the form of liabilities, for instance mortgage repayment, which would eventually affect the well-being of the families. Thus, measures should be taken to deal with the above matter. National housing policies have to be closely integrated with economic, social, and environmental aspects that may play active role in boosting the nation's economy, reducing poverty, and improving human development (United Nations, 2012).

In short, excessive urbanisation, in general, which generates concentration of people and economic activities in large urban areas, leads to rapid increase in the number of population. On the whole, rapid urban development may cause high travel demand and increment in transportation cost, chronic traffic congestion, environmental degradation, and most importantly, lack of affordable housing. A decent, adequate, and affordable home is significant for each family; especially for those residing at highly urbanised areas, for the basic human need of shelter must be

attained. Therefore, it is important to highlight the significance of affordable housing provision so as to ensure that all Malaysians are able to enjoy high quality of lives by owning houses for their families in urban areas.

## **1.2 Problem Statement**

In this study, the focus will be on one of the most affected areas in Malaysia, Penang Island. Over the last decade, house prices have spiked due to rapid urbanisation, particularly in Penang Island, thus causing relative inaccessibility to housing (Malaysian Department of Statistics, 2017). In fact, the supply factors have contributed to the rising price of houses in Penang Island. The need of housing is increasing everywhere. The scarcity of land in Penang Island has increased the cost of housing and as a consequence, a decrease is noted in the ability of urban dwellers to own their very first house. The situation is worsening when fresh graduates which is also the future generation of the country fail to afford to own a decent home due to the rising cost of housing (Ng, 2017).

As lack of housing provision may appear as a threat to the country, Malaysia has taken some steps in the attempt to address with this issue. Pertaining to the high demand of housing in urban areas, the Malaysian Government, under its 5-year National Plan, has introduced various types of affordable housing schemes (Economic Planning Unit (EPU), 2010). Such housing schemes allow Malaysians from all income levels, particularly the low-income groups, to have access to affordable and quality homes (EPU, 2015a). Housing policy has progressed over the years through several national development plans. In 2011, the Malaysian Government in its Tenth Malaysia Plan (RMK-10) introduced a National Housing Policy, where it focuses in providing

adequate, comfortable, quality, and affordable housing to enhance the sustainability of QOL among the people based on their income levels (Norazmawati, 2012). Besides, National Housing Policy is not something new in Malaysia, but it is an enhancement of the prior housing policy. Followed by the Eleventh Malaysia Plan (RMK-11), the Malaysian Government continues with the prior initiatives by providing more adequate, quality, and affordable housing to poor, low-, and middle-income households (EPU, 2015a).

Some of the major affordable housing policy initiatives established in Malaysia are ‘RMR1M’, ‘PR1MA’, ‘PPA1M’ ‘Projek Perumahan Rakyat’ (PPR) (People’s Housing Projects), and Penang Affordable Housing Scheme, which are all focused on either direct provision of affordable or low-cost housing or provision of subsidy for home buyers, especially for those who cannot afford to own a home (Cagamas, 2013; Khazanah Research Institute, 2015). In addition, My First Home Scheme, Youth Housing Scheme, and MyHome are some instances of financing schemes launched to resume the effort of improving access and affordability among low- and middle-income urban families on housing (EPU, 2010). However, despite of the numerous housing schemes introduced, provision of housing, especially affordable homes, has remained a major issue that calls for Malaysian policymakers to put in more effort.

Owning a house without a decent living does nothing but harm the future nation. For the urban dwellers to enjoy a better well-being, they should be living a decent life, such as getting proper homes, sufficient food and education, without compromising other aspects of living. The provision of affordable housing is seemingly a way to ensure urban families to own decent and affordable homes. By being able to own a house within their capacity, the families need not compromise on other expenses. Overall, the biggest issue faced by urban families dwelling in Penang

Island is the ability to access affordable housing which may lead to various social issues. This study aims to look into the concept of affordable housing from the social perspective rather than the purely economic perspective. Therefore, it is important to further probe into the issue laid out in this study because failure to solve housing problem indirectly influences the well-being of the urban families.

### **1.3 Research Objectives**

Based on the previous discussions, this research aims to achieve the following objectives:

1. To investigate how the urban families in Penang Island define the concept of affordable housing.
2. To identify the issues and challenges of accessing affordable housing faced by urban families in Penang Island.
3. To analyse the effects of affordable housing issues upon the well-being of the urban families in Penang Island.

### **1.4 Research Questions**

In line with the above objectives, this research seeks to answer the following questions:

1. How do the urban families in Penang Island define the concept of affordable housing?
2. What are the issues and challenges of urban families in Penang Island in accessing affordable housing?

3. How do the affordable housing issues affect the well-being of the urban families in Penang Island?

### **1.5 Significance of Study**

Due to the rapid urbanisation that has crept into Penang, the number of population living in the island has increased while new land for development is scarce (MacDonald, 2012). Thus, issues pertaining to affordable housing have appeared more complicated due to the affect upon urbanites who could not afford to own a house; mainly because of the rising cost of housing and the lacking in supply. Affordable housing has been a topic that is widely discussed and many studies have been done on this particular topic. However, the results are seemingly not holistic as they are mostly discussed from the economic perspective and very little on social or environmental perspectives. Thus, this study aims to fill in the gap of the research on affordable housing from the social perspective by looking into the impact of affordable housing on the well-being of the urban families in Penang Island.

Accessing to the affordable housing issues has always been a struggle for the urban families in Penang Island. They have to compromise on many aspects of their living in order to own a decent house. Their household income does not promise them a decent house with the rising cost of housing (New Straits Times, 2016). Furthermore, they have other concerns like coping with the increasing urban living cost, expenses on healthcare and education for the children (Chong, 2017; Filmer, 2017). Their nearly stagnant income levels forced the parents to work longer and have less quality time with their children, making the urban families hard to achieve a work-life balance. All of the above impacts of accessing affordable housing will take a toll on the well-being

of the urban families and this is something lacking from the previous researches in affordable housing.

Moreover, this study is essential as it enables policymakers, urban planners, and researchers to further understand how urban families define affordable housing within the Malaysian context, especially in Penang Island. Hence, this study, which was carried out in Penang Island, might be able to determine the coping mechanism for the problem presented by yielding new and comprehensive suggestions, as well as recommendations. Having good knowledge on affordable housing would eventually enlighten urban dwellers regarding their rights concerning housing, apart from acquiring decent houses with reasonable prices in the Penang Island. The outcomes of this study are indeed significant, as they will benefit policymakers, urban planners, and researchers in policy-making towards improvement and betterment of the present National Housing Policy.

## **1.6 Scope of Study**

This case study was undertaken in the Penang Island only due to the high density of population, as well as the fact that the Penang Island is highly urbanised when compared to Seberang Perai, which is also part of Penang. Hence, this study excluded the area of Seberang Perai. Nonetheless, this study looked into the following areas: Tanjung Bungah, Ayer Itam, Jelutong, Gelugor, Bayan Lepas, and George Town, where the North-East District of the Penang Island, primarily due to the high concentration of urban population. The participants of this study are the heads of urban households which are selected based on their income levels as indicated by their current occupations. Furthermore, the focus of this study had been both low- and

middle-income groups, because they represent the groups of population with insufficient disposal income and encounter hardship to afford a house.

## **1.7 Organization of thesis**

Chapter one presents an overview of issues concerning affordable housing in the Penang Island and how these issues affect the well-being among families dwelling in Penang Island. This chapter also depicts problem statement, significance of study, research objectives, research questions, scope of study, and organization of thesis.

Chapter two discusses the related literature review on theories and concepts regarding development, sustainable development, affordable housing issues, and well-being. The chapter also reviews several prior related studies in Malaysia, as well as from other nations.

Chapter three focuses on the research methodology of this study. This chapter elaborates the methodology applied in this research, which consists of research approach, research framework, data collection procedure, research steps, sampling procedure, and data analysis technique.

Chapter four presents the analysis of empirical data. The data obtained from semi-structured interviews are analysed and presented in this chapter. The data gathered from the semi-structured interview sessions were set to provide a deeper understanding concerning issues and challenges of accessing affordable housing in the Penang Island. In addition, data collected based on observation are also presented in this chapter.

Chapter five depicts the discussion of the research findings based on the three outlined research objectives. On top of that, this chapter explains how issues related to affordable housing affect the well-being among families dwelling in Penang Island.

Finally, chapter six marks the conclusion of this study. The study is concluded with a recommendation towards the betterment of the National Housing Policy. This chapter also highlights the contributions of this research to knowledge with a proposal for future research within the local context.

## **CHAPTER TWO**

### **LITERATURE REVIEW**

#### **2.1 Introduction**

Human and housing development are almost inseparable from the stance of rapid urban development. Urbanisation has generated economic growth in urban cities, thus resulting in escalating number of populations. As urban areas offer more job opportunities, people are encouraged to pack their bags and shift from rural to urban cities, hence causing overcrowding in urban areas. Besides, the growing number of population has caused high demand for affordable housing in cities. While housing is a basic need for human beings, it is getting more unaffordable. Therefore, the recent decades are no exception, as almost all nations worldwide are indeed making the effort to build more affordable housing, especially among low- and middle-income urban families to keep up with the socio-economic growth of cities. With that, this chapter presents the literature review of the concepts applied in this research, several theoretical discussions on the research focus, as well as prior studies pertaining to the research topic.

#### **2.2 Definition of Development**

Development is not purely an economic phenomenon, but rather a multidimensional process that incorporates reorganisation and reorientation of the entire economic and social system (Todaro, & Jerry, 1981). Todaro and Smith (2011) asserted that development is a physical reality and a state-of-mind, whereby the society has, through some combination of social, political, and economic; secured a way of

achieving better QOL. As a broad concept, development has been extensively explored with a view to realising economic growth and social development. Economic growth may bring material benefits to people, but development reflects enrichment of QOL among people (Edwards, 1993, p. 80). In precise, development is about unleashing human potential towards people's ability to control over available resources so as to meet their human basic needs.

On the other hand, Todaro and Smith (2011) emphasized development as a process of improving the quality of all human lives that must include three equally important aspects, which are: i) raising people's QOL, ii) creating conditions conducive to the growth of people's self-esteem, and iii) increasing people's freedom to choose by expanding their range of choices. Meanwhile, basic human needs refer to food, health, housing, and protection, which are vital for enhancement of QOL (Todaro, & Smith, 2011). Thus, the fundamental function of all economic activities is important to enable people to earn more income, greater employment opportunities, and most importantly, to achieve better QOL by meeting all basic needs.

In addition, self-esteem reflects one's sense of worth and self-respect, which appears to be an essential value of development in raising the standard of living by establishing stable social, political, and economic systems (Todaro, & Smith, 2011). The provision of more jobs opportunities, as well as better health care and education, serves to enhance the material QOL, apart from generating better self-esteem among individuals. In short, development of self-esteem is an empowering process that builds the capacity towards sustainable improvement of QOL. Furthermore, Todaro and Jerry (1981) claimed that freedom must be constituted in the notion of development. This is because; freedom expands the range of economic and social choices by enabling

people to enjoy real choices based on their preferences. The concept of development as freedom by Amartya Sen is further elaborated in the next section.

### **2.3 Concept of Development**

The concept initiated by Amartya Sen pertaining to Development As Freedom is highly acclaimed because human development revolves around expansion of citizens' capabilities. According to Sen (1999), freedom denotes increasing citizens' access and opportunities to materials and elements they have reason to value. In fact, Sen's work (1999) has strongly influenced the establishment of a new development paradigm in the early 2000s. Freedom emerges as the primary goal for development. It is 'the enhancement of freedom that allows people to lead lives that they have reason to live' (Sen, 1999, p. 1). On top of that, Sen's capabilities approach has led to the introduction of the United Nation Human Development Index, which suggests improvements for QOL among citizens on a sustainable development basis. The basic concern of human development is 'our capability to lead the kind of lives we have to value', instead of the usual concentration on the rise of GDP, rise in personal incomes, technical progress, or industrialisation (Sen, 1999, p. 285). The rise of GDP and personal income does not necessarily lead to the betterment of well-being in our lives. On the other hand, improvement of human capability is the ultimate tool for it improves peoples' choices, well-being, freedom, social change, and personal economic income.

Furthermore, the development theory has been improvised by incorporating human rights as a constitutive part. According to Longworth (1999), Sen focused on the well-being of those at the bottom of the society, and not the efficiency of those at the top. Sen further defined the major factors that limit freedom as 'poverty as well as

tyranny, poor economic opportunities as well as systematic social deprivation, neglect of public facilities as well as intolerance or overactivity of repressive states' (Sen, 1999). He also claimed that crucial instrumental freedom, such as economic opportunities, political freedom, social amenities, transparency guarantees, and protective security, demands interconnection. This ensures that opportunities increase the well-being of citizens by contributing to the general capability of one to live more freely (Sen, 1999). Development, hence, must be judged by its impact upon people, not only by increasing their income, but more in their choices, capabilities, and freedom so as to achieve a sustainable and balanced life experience.

Meanwhile, Munro's deliberation of 'development' (1995) asserts that development should be inclusive of all kinds of activities that increase the capacity of people to meet human needs, apart from improving QOL, in general. He further claimed that development should not only include the physical development of the living environment, but it also should have equal importance on health care, social security, education, nature conservation, and cultural activities (Chiu, 2003). Therefore 'development is a complex of activities, some with social, some with economic objectives, some based on material resources, some on intellectual resources; all enabling people to reach their full potential and enjoy a good life' (Munro, 1995, p. 28). To date, the development approach is geared towards attaining sustainable development goals.

## **2.4 Sustainable Development**

Sustainable development, which has emerged as a significant aspect in development at the international level, has been defined in many ways, but the most frequently quoted definition that is derived from Our Common Future or also known as the Brundtland Report 1987 and introduced by the United Nations World Commission on Environment and Development (WCED or the Brundtland Commission), is as follows: ‘development that meets the needs of the present without compromising the ability of future generations to meet their own needs’ (WCED, 1987, p. 11). This notion has two key concepts, which are: the concept of needs, especially those essential to the world's poor, to whom overriding priority should be given; as well as the idea of limitations imposed by the state of technology and social organization on the environment's ability to meet the needs of both present and future generations (United Nations, 2012).

Furthermore, according to the Goal No. 11 of Sustainable Development Goals, ‘common urban challenges include congestion, lack of funds to provide basic services, a shortage of adequate housing and declining infrastructure’ (United Nations, 2016). Efforts are made to make sure that sustainable development goals are emphasized during the process. United Nation Development Programme (UNDP) is a support to make the vision that is encapsulated in the sustainable development to become a reality where societies are to put on a sustainable development pathway, to manage risk and enhance resilience, and to advance prosperity and well-being (United Nations, 2016).

Following, the concept of “Leave no one behind” by the New Urban Agenda, supported by the provisions of the Universal Declaration of Human Rights and all the international human right treaties, taken on a people-centered approach (HABITAT III, 2016). It fits into the concept of sustainable development where it emphasizes on

the social aspect of the urban dwellers, with an ultimate goal for people to live to their full potential. 'It combines this with the commitment to ensure equal access to urban infrastructure, basic services, and adequate housing for all, in a social economically mixed environment where people can lead decent, dignified, and rewarding lives achieving their full human potential' (HABITAT III, 2016).

This concept was further amended to specifically focus on the QOL that consists of three dimensions: economic, social, and environmental aspects. These three main elements are significant towards promoting sustainable development for any project, especially housing development, as housing offers social equity among people, generates economic growth, and promotes environmental conservation (Hamizah, Fatimah, & Hazlina, 2012). Meanwhile, Newman (2002) defined 'sustainability as a global process that tries to help create an enduring future, where environmental and social factors are considered simultaneously with economic factors' (p. 1). He further claimed that sustainability in the context of housing ensures a 'roof overhead' for the people, aside from offering benefits to fellow citizens (Newman, 2002).

Nevertheless, Choguill (2007) argues that the concept of sustainable development is more complex when applied in the real-world situation, when compared to mere definitions. Besides, Choguill (2007) asserted that 'the very notion of sustainability has been overused and all-too-frequently misused in literature concerning development' (p. 144). There is lack of discussion regarding sustainable cities, sustainable housing, and other sustainable initiatives in our daily activities. In order to achieve sustainable housing initiatives, those initiatives must be economically viable, socially acceptable, technically feasible, and environmentally compatible (Choguill, 2007).

Being a key aspect of urban development, housing plays a vital role in meeting the goal of sustainable development. Nonetheless, only a handful of studies have explored the actual meaning of sustainable development in relation to affordable housing provisions within the Malaysian urban development local context (Hamizah, Fatimah, & Hazlina, 2012; Tan, 2011). Moreover, sustainable development is closely linked with the concepts of QOL, well-being, and liveability. A pressing need is also noted to understand the importance of sustainable development in ensuring the provision of more affordable housing and promoting better well-being among urban families.

## **2.5 Well-Being**

Well-being is a seemingly new term in the social science field thus the concept is explained through the transition from QOL to well-being. Issues related to QOL are now high on the political agenda due to acknowledgement that levels of QOL effects both economy and social well-being (Pacione, 2003). QOL is a concept that has inspired much research in the past decades and has established a strong influence in local and international agendas (Turkoglu, 2015). The aspect of QOL, thus, is defined as ‘a person’s sense of well-being, satisfaction or dissatisfaction with life, or happiness or unhappiness’ (Dalkey, & Rourke, 1973, p. 210). According to Campbell, Converse, and Rodgers (1976), QOL involves judgments pertaining to the degree to which one’s needs, goals, and wishes have been fulfilled. Besides, Liu (1976) explained that climate, public and environmental health, crime, transportation, education, arts, recreation, and economy are focused towards measuring QOL. Meanwhile, Ryashchenko and Gukalova (2010) emphasized physical urban qualities of residential area, communication networks, education, health care, and transportation to determine

QOL. Hence, the term ‘Quality of Life’ (QOL) is reckoned by majority as ‘goodness of life’ and being able to live successfully and happily within a liveable environment (Brown, & Brown, 2005).

Within Malaysia context, the Malaysia’s own local Quality of Life Index (MQLI) refers to a government publication that reports on the trend of QOL from year 2000 until 2010 (EPU, 2012). The MQLI is a tool used to examine insights in identifying the changes and the improvements in QOL among its people, inclusive of social, physical, economic, and psychological aspects (Mohit, 2014). In fact, this refers to a composite index that is comprised of 11 components, including income and distribution, health, public safety, social participation, environment, family life, working conditions, transport and communications, culture and leisure, housing, and education (Mohit, 2014). Years after years, the MQLI has added and omitted several components in the report. Right after MQLI 2011, the Malaysian Well-being Report 2013 (MWI 2013) was established. This MWI 2013, which was prepared by the EPU, depicts the social progress among fellow Malaysians under eight Social Well-Being components (EPU, 2013; Aisyah et al., 2017).

Furthermore, the Malaysian Well-being Index (MWI) was established so as to improve and to enhance the existing MQLI, apart from achieving more comprehensive social indicators in measuring the national progress (EPU, 2013; Aisyah et al., 2016). In addition, there is no clear rationale for the replacement of QOL with the term ‘well-being’ when the indicators used remain the same. In MWI 2013, well-being is defined as the various direct and indirect benefits acquired and enjoyed by the people, as well as those that contribute to life satisfaction of individuals, families, and communities. These benefits cover social, environmental, and economic aspects (Aisyah et al., 2016). In short, well-being reflects the satisfaction achieved by people, both economic

and social well-being, at the development of the nation and one that is sustainable for future generation. Besides, according to Aisyah et al. (2016), the component on housing has remained unchanged for both MQLI and MWI.

With that, it had been decided that the term ‘well-being’ is appropriate for the use in this study, as this study looked into the effects of housing problems towards the social well-being of the urban families dwelling in Penang Island. On the other hand, well-being is more suitable as MWI 2013 has further highlighted the component on housing. Moreover, MQLI 1999, MQLI 2002, MQLI 2004, MQLI 2011, and MWI 2013 have further embedded that comfortable housing is strongly associated with healthier life performance, life satisfaction, and a peaceful mind (EPU, 2016; Aisyah et al., 2016). This shows that the term ‘well-being’ probes deeper into the aspect of satisfactory that can be sustained.

## **2.6 Housing**

Sustainable development is closely associated to housing, along with the concepts of QOL that transitioned to well-being. Following the basic concept of sustainable development defined in the WCED 1987 report, sustainable housing development should not only cater to housing needs of the present generation, but also for those to come (WCED, 1987). Housing is sustainable if everyone has the opportunity to access to a decent home that promotes social cohesion, well-being, and self-dependence. Sustainable housing ensures better QOL, not just for the present time, but also for the future generation (Edwards, & Turrent, 2000).

According to Article 25 of the Universal Declaration of Human Rights, ‘everyone has the right to a standard of living adequate for health and well-being of

oneself and of his family, including food, clothing, housing, medical care, necessary social services, and the right to security in the event of unemployment, sickness, disability, widowhood, old age or other lack of livelihood in circumstances beyond one's control' (United Nations, 1948). Thus, housing emerges as a basic human need that provides safety and stability, hence enabling individuals and families the opportunity to thrive and to achieve a desirable QOL, as well as better social status (Shadiya, 2014).

Winston and Eastaway (2008) signified that housing should be further developed to serve as an indicator based on its significance upon sustainable development and QOL. Tan (2008) emphasised that one of the factors that contribute to sustainable development is the housing industry. Sustainable development on housing means to contribute to community building, to social justice, and to economic viability at a local level so as to ensure better QOL for both the present and future generations (Edwards, & Turrent, 2000; Karuppannan, & Sivam, 2010). Besides, Tse, Ho and Gansesan (1999) emphasized that the demand of housing in urban area has significant impacts on the development of economic of the society to ensure a better QOL in future.

Housing is very fundamental to the welfare, the survival, and the health of individuals, but unfortunately, the skyrocketing housing prices is a pressing issue faced by urban families (Shadiya, 2015). Mayo (1991) stated that '(c)onsumers seek adequate housing that does not take up an undue portion of household income. They seek good location and amenities, secure tenure, access to housing finance, as well as a degree of mobility and choice. In fact, this is the purpose of housing in society' (p. 11). Meanwhile, Kutty (2005) suggested that housing is affordable when it consumes a reasonable or moderate amount of household income.

The provision of adequate housing is critical for the growth and the well-being of a society (Khazanah Research Institute, 2015). In fact, housing serves as the foundation of family life and it is an essential component for both QOL and sustainable development. This is in line with the notion highlighted by Noraliah and Ho (2008) that housing is a major concern for everyone in every corner of the world as the well-being of a nation is reflected on its people enjoying a certain QOL. They claimed that adequate housing provision is essential to ensure social-economic stability and to promote national development. Kajimo and Evans (2006) argued that housing has broader economic, social, cultural, and personal significance, apart from being a valuable asset. Besides, housing is also defined as the total residential that includes physical structure and facilities for the social well-being of one's family (Salau, 1992). In addition, housing refers to shelter and asset, where privacy and security are established with social importance for both personal and family, thus access to better social life and economic opportunities (Bratt, Stone, & Hartman, 2006; Thalmann, 2003).

Similarly, Abrams (1964) explained that housing is not only a shelter, but it is also part of the fabric for effective neighbourhood life and of the whole society, which is closely linked to economic activities and social development. Again, Onibokun (1982) stated that housing is not only a basic human need, but it also constitutes a vital component of people's welfare, life sustenance, and survival. Hence, one can deduce that housing reflects the process of providing substantial number of residential buildings on a permanent basis with adequate infrastructure, as well as safe and social amenities, so as to meet the basic needs of the population within a particular area.

### **2.6.1 Affordable Housing**

As housing is seen as an important element in ensuring the well-being of the society, the concept of affordable housing emerged as a result of various housing issues which gradually impacted on them. After various debates and discussions, a general consensus on the definition of affordable housing within international context is then reached; whereby a household should pay not more than 30% of their total income for housing, including utilities (O'Dell, Smith, & White, 2004). The general definition on the concept is further supported by Disney (2007), where affordable housing is said to be affordable, only when the money spent on housing loan is less than 30% of the total household income for urban families, without compromising other basic needs.

Focusing into the context of Malaysia on the concept of affordable housing, the concept can be measured through the pricing of the houses. According to the Malaysian Urban-Rural National Indicators Network for Sustainable Development, affordable housing, in general, is defined as a quality house with pricing starting from RM 65,000.00 to RM 400,000.00 and is constructed for the low- and middle-income groups that are earning a household income of RM 750.00 to RM 6,000.00 (MURNInets, 2017). In other words, 'affordable housing is a term used to describe medium- and low-income housing... in precise, affordable housing is housing for those in median income ranges (and below)' (Abdullateef, & Tan, 2017). Subsequently, the concept of affordable housing in Malaysia will be further discussed in the next section.

## **2.7 Affordable Housing in Malaysia**

The provision of affordable housing is a major concern worldwide with Malaysia being no exception. Affordable housing issues are not new in Malaysia. Based on a study carried out by Salfarina, Nor Malina, and Azrina (2010), house price emerges to be the main problem due to the high prices offered, which are beyond the affordability to own in urban areas. Besides, Wan Nor Azriyati, Noor Rosly, and Kuppusamy (2011) explained that middle-income households in Malaysia, particularly in an urban area, are faced with difficulties in owning their very first home due to the house price and the total monthly income of the households. Based on the report entitled 'Making Housing Affordable' prepared by Khazanah Research Institute (2015), the overall Malaysian housing market is 'seriously unaffordable'. By using the 'median-multiple ratio' method, where the median house price is divided by the median household, a housing market is considered as 'affordable' if the house price to household income ratio is below by thrice (Demographia, 2017). In fact, the Median Multiple has been widely used to evaluate urban markets and has been recommended by both the World Bank and the United Nations (Demographia, 2017).

As for the case in Malaysia, the overall median house prices are 4.4 times higher than the median annual household income in 2014. Meanwhile, with monthly median income at RM 4,702.00, the median multiple ratio for Penang is 5.2 times higher, which is considered to be 'severely unaffordable' (Khazanah Research Institute, 2015). Within the local context, MacDonald (2012) claimed that a common criterion for property purchase in Malaysia is that the monthly mortgage instalment should not be more than one-third of the gross monthly household income, in the attempt to define income 'affordability'. According to Fazilah, Rozlin, and Maimunah (2016), affordable housing can be summarized as houses built for low-income, low-

medium, and medium households with the ability to pay at least 1/3 of their total household income for loan payment. It is, thus, concluded that a mismatch is present between housing price and income of households, hence causing high prices for 'affordable' housing (Surendran, 2016). On top of that, Shadiya, Aini, and Fauziah (2016) identified three main affordable housing issues that are presently faced by middle-income groups dwelling in Malaysian urban areas, which are: the escalating housing prices, constriction in housing loan application, and fewer choices available for the middle-income group.

The concern on the rising housing issues has definitely caught the attention of nationwide. Malaysia is one of the countries in the world, where the government is committed to the provision of affordable housing for all income groups. Various affordable housing development programs and housing schemes are initiated for the construction of more affordable housing, especially among first time home buyers, as well as the low- and middle-income groups. In a recently launched affordable housing scheme in the Penang Island, which was priced between RM 72,500.00 and RM 400,000.00, it was revealed that most of the potential buyers were in their late 20s or early 30s, whereby their combined gross household income is approximately RM 6,000.00, taking a 35-year loan, thus ending up paying as much as RM 1,700.00 per month for loan payment. With other commitments on essential needs, this group was found to have the highest bank rejection rates (Lim, & Geh, 2016).

Furthermore, the local public interest group, National House Buyers Association (HBA), alarmed about the risk of a 'homeless generation' made up of a growing number of young Malaysians, especially those from the low- and middle-income groups, with even households earning a handsome RM 9,000.00 struggling to purchase a home (Augustin, 2017). The struggle experienced by low- and middle-