

## **CHAPTER 1**

### **INTRODUCTION**

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

House is very important to humans because the house is a basic need for every person who has a family. A house is a building or structure that has the ability to be occupied for habitation by humans or other creature (Kahn, 2000). The term ‘house’ includes many kinds of dwellings ranging from rudimentary huts of nomadic tribes to complex structures composed of many systems. This caused the house itself functions as a protection from bad weather such as rain and scorching heat, where foster love among family, and relax after a hard working day. The social unit that lives in a house is known as a household. Affordable housing is a term used to describe dwelling units whose total housing costs for either rented or purchased unit are deemed affordable to those that have a median household income (Basudeb, 2010).

In Australia, the National Affordable Housing Summit Group developed their definition of affordable housing as housing which is "reasonably adequate in standard and location for lower or middle income households and does not cost so much that a household is unlikely to be able to meet other basic needs on a sustainable basis. In the United Kingdom affordable housing includes "social rented and intermediate housing, provided to specified eligible households whose needs are not met by the market (Canada Mortgage and Housing Corporation, 2011). Most of the literature on affordable housing refers to a number of forms that exist along a continuum - from emergency shelters, to transitional housing, to non-market rental (also known as social or subsidized housing), to formal and informal rental, indigenous housing and ending with affordable home ownership. Income is the primary factor that determines housing affordability (Chris, 2005). In a market economy the distribution of income is the key determinant of the quantity and quality of housing obtained. Housing is often the single biggest expenditure of low and middle income families. For low and middle income families, their house is also the greatest source of wealth (Chris, 2005).

In Penang, the low-cost housing supply problem is a problem that warm talking nowadays. Nowadays, the responsibility for providing low-cost housing is not only addressed to the public sector but the private sector has also played a major role in providing an adequate supply of housing to meet the demand of the population.

In Penang, found the role of providing low-cost housing is focused on government agencies such as the State Government, Penang Island City Council (MBPP), Penang Development Corporation (PDC) and Urban Development Authority (UDA). For private parties, the response to the provision of low cost housing is not so encouraging. In general, this situation is due to a variety of problems that exist,

particularly in the construction of low cost housing in Penang. However, saying, arguably the problems of providing low-cost housing is not only faced by the private developers and even government agencies also have to deal with these problems. This study was conducted to identify the problems as a whole faced by the private developers and government agencies in Penang.

## **1.2 Problem Statement**

In recent years, rapid economic development has led to increased demand for residential housing in urban areas in Malaysia. When seen in the price of housing, housing prices have risen dramatically either in big cities or small towns, or depending on the particular location. Urban migrations have caused an increasing demand for residential property in the city, and the scarcity of land for development of landed residential properties in major urban areas in Malaysia, such as Penang, Kuala Lumpur, Selangor and Johor Bahru contributed to the escalating price of residential property in these major cities (H Mohd Thas Thaker & K Chandra Sakaran, 2016). The highest house prices in Penang are mainly located in Timur Laut, Penang Island while in Mainland Seberang Perai area the highest house prices can be found in Seberang Perai Utara (Atasya Osmadi et.al., 2015).

More than ten years ago, the property market in Malaysia has been experiencing significant growth rates in the whole of Malaysia. So far, housing prices almost reached the sky. Although the real factors behind the increase were not logical that remains to be seen, there are several reasons that can be identified why the housing price increase occurs. The main element that can be seen is the development of the population.