

A Study on Challenges and Issues of PRIMA

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Abstract: Housing prices in Malaysia especially in urban areas have increased over the years and are affecting the lifestyle of the middle-income workers to either rent or buy houses further away from the cities. Hence, the government has taken steps to solve this issue by establishing a few affordable housing schemes which include 1Malaysia People's Housing Program (PR1MA) that supposedly cater the housing price level for the middle-income workers. However, there are certain issues that are lingering around during the development of PR1MA, including slow delivery and land allocation which tarnishing the reputation of PR1MA. Thus, the purpose of this research is to study the process for the development of the PR1MA housing program in order to analyze the challenges and issues that come with it. This research can be achieved through content analysis and Multiple Regression Analysis (MRA). Analysis done by MRA from Statistical Package for the Social Sciences (SPSS) shows that housing criteria in Kuala Lumpur are not in line with PR1MA objectives and criteria for property type, price and location. The results are supported by analysis obtained from the content analysis, which validates the purpose of this research. Hence, by highlighting these issues, this research will hopefully can be used as guidelines to address and help overcoming these challenges for betterment of PR1MA.

Keywords: PRIMA, MPT, Diversification Benefit, Co-Integration

1. Introduction

Shelter is one of the fundamental human needs other than air, food and drinks on the hierarchy of needs" pyramid (McLeod, 2007). Other than this, housing plays an important role in people's wellbeing, contributing to the physical and mental health, education, employment and security outcomes for individuals (Baqutaya, Ariffin and Raji, 2016). However, not all middle income workers in Malaysia

can afford to own a roof above their head, since the property prices are sky-high and the middle income workers are forced to rent a house or live at a place which is far-flung from the city, especially people who work in Kuala Lumpur. According to the Valuation and Property Service Department (JPPH), Kuala Lumpur has the most expensive house price in Malaysia with an average price of RM 718,755 in Q3 2015 (Guide, 2016).

Quoting data from the Department of Statistics Household Income Survey 2012, Abdul Rahman Dahlan which is Minister Housing of Malaysia said that approximately 80% of Malaysians earn below RM 6,954 per month and this group can only afford houses priced at RM300,000 and below based on the credit line of 30% of net income at the current base lending rate (BLR) of 6.6% (Hisyam, 2013). In comparison, National Property Information Centre (NAPIC)'s 2012 report states that the percentage of all new housing units launched which priced below RM250,000 is 31.7% and this shows that there is imbalance between the demand and supply of affordable houses towards the right target group in Malaysia which a 40% serious gap is existing between the affordable house compared to the demand (Hisyam, 2013).

1.1 Research Background

In Malaysia, since the supply of affordable housing cannot meet the demand of the middle-income group and become a more critical problem for the middle-income group, the government has introduced the 1 Malaysia People's Housing Program (PR1MA). PR1MA was established under the PR1MA act 2012 to plan, construct and maintain high-quality housing with lifestyles concept for middle-income households with a monthly household income between RM 2,500 to RM 10,000 in key urban centres (Goh, 2016).

At the end of July 2015, there were 153,807 units approved by Member of Corporation PR1MA (MOC), 112,060 units under planning, 41,187 units under construction and 560 units completed (PR1MA Corporation Malaysia, 2015). This entire project is running in every state not only at peninsular west but also peninsular east throughout the country. The 560 completed units PR1MA house is located at Precinct 11, Putrajaya and handed over to buyers on 7th March 2015. All these houses cost from RM 120,000 to RM 150,000 which are 20% to 30% lower than the market price (Fadzell, 2015).

One of the roles of PR1MA is to act as developer to supervise, plan and execute the design, construction, maintenance and operation of PR1MA communities. PR1MA is a smart partnership between the government and the private sector whereby the government provides the land while reputable private sector developers have been invited to participate in the construction of affordable houses (Chor, 2012). There are many private companies such as Putrajaya Holdings, SP Setia, Sime Darby and others have joined this project to ensure its successful implementation.

1.2 Problem Statements

PR1MA is a great project for medium-income households or first time homebuyers to own a house. Through PR1MA, more Malaysian will be able to own a house and thus assure them a better future (Chor, 2012) but there has been a debate regarding the "unrealistic" targets and the "total failure" initiative condoned by the government of Malaysia. Dr Danielle Gambero, CEO of consultancy group REI Group of Companies mentioned during question-and-answer session at PropertyGuru's Property Market Outlook 2016 that PR1MA initiative started as a good idea but it has failed its mission to provide affordable housing in the right locations, not meeting the government's set targets and he said that government, developers and markets are not happy with this project (Yeong, 2015).

Under the National Housing Agenda, PR1MA has been tasked to develop 500,000 units of affordable houses nationwide by 2020 (Goh, 2016). Property magazine publisher KK Chua, who was one of the panels during the PropertyGuru's forum says that only 72 PR1MA projects that can provide 50,000 units or 10% of the target of 500,000 by year 2020 have been approved and managing director

of Property Insight's publisher Armani Media criticises none has been delivered out of the 50,000 approved units (Yeong, 2015).

Next, one of the developer that secured a contract worth RM230 million under PR1MA, Bina Puri Holding executive director Matthew Tee said lucrative profit margin would not be given by building affordable house and there is no way for the large township developer to make profit from selling affordable homes after all those statutory payments for developers built into the cost of development (Saieed, 2016). Siva Shanker who is a CEO of property agency PPC International said that private developers should not be forced to do social responsibility work or be asked to partner the government in doing this, because it will bring to generate the bad result on PR1MA projects (Yeong, 2015).

Other than this, Malaysia House Buyers Association (HBA) Honorary Secretary General Chan Kim Loong criticized the cooperation between PR1MA and the private developers cause the price of PR1MA housing being push up or the price offered by PR1MA actually just slightly lower than the market price which does not achieve the objective of PR1MA (Yeong, 2014). He also questioned how the private developers being chosen and the promises and responsibilities that were taken into consideration by the developers when PR1MA offered them the projects.

Furthermore, PR1MA chief executive officer Datuk Abdul Mutalib Alias confesses that the corporation has not been very good at explaining to stakeholders and the public the causes for the slow delivery. Land banking, developers' margins and approvals are some of the issues that the corporation has to deal with during the development of PR1MA. Industry experts say that having a supportive infrastructure to develop affordable-housing projects such as tax incentives could also help as private-sector developers will be more willing to allocate more land for such projects (Saieed, 2016). Hence, with the issues and arguments that have arisen regarding the development of PR1MA, it is only logical that these issues are addressed and further studied for the betterment of PR1MA implementation.

1.3 Research Questions

Given the research issues and discussed in the preceding section, the following are the research questions:

- (i) What are the processes involved in developing a PR1MA housing program?
- (ii) What are the challenges and issues for PR1MA development in Kuala Lumpur?

1.4 Research Objectives

The following are the research objectives that this research tries to achieve:

- (i) To study the process for the development of the PR1MA housing program.
- (ii) To analyze the challenges and issues for PR1MA development in Kuala Lumpur.

1.5 Significance of the Study

There is a need to study the challenges and issues concerning PR1MA such as slow delivery and land allocation can be resolved in order to get more detailed understanding of the issues and challenges to meet the PR1MA housing delivery target.

1.6 Scope of the Study

The scope of this study covers:

- (i) This research only focuses on the PR1MA project, which is completed, or under construction in Kuala Lumpur because there is more demand in this state and it has the highest number of applicants based on the PR1MA statistic.

- (ii) Residential transaction data in Kuala Lumpur from year 2011 to 2016 are used for this research.
- (iii) Statistical Package for the Social Sciences (SPSS) software uses only Multiple Regression Analysis (MRA) to analyze data obtained from the Department of Valuation and Property Services (JPPH) Kuala Lumpur.

2. Literature Review

According to Michael and Wood (1989), affordability is the characteristic of a product with a selling price that approaches its functional worth and is within the consumer's ability to pay. Housing affordability is the main concern in most of the countries and affordability issues in Malaysia has never been dealt with in detail and no specific study on housing affordability has been done. Housing affordability is defined as a characteristic of housing services as it relates to the ability and desire of the consumer to pay for it rather than as a characteristic of it (Yang and Chen, 2014). Housing affordability can be said as a household's ability to meet housing costs without imposing excessive constraints on non-housing consumption.

2.1 Malaysia Housing Policy

According to Idrus and Siong (2008), the policy on home owning policy, which was implemented at the early stage of independence, was concerned with the provision of cheap housing as a basic social need. Besides, the first Malaysia Plan stressed the government role in providing low cost houses to low-income groups, the services of the Housing Trust were provided to the state government for undertaking the low-cost housing projects and new construction techniques are used to speed up construction and directly lower the cost. Malaysia has undergone rapid urbanization and industrialization since the early 1970s and this causes the government to pay more attention to the lower income group and provide low cost houses to meet the housing demand. Besides, the residential pattern for Malay, Chinese and Indian which are the three main ethnic group in Malaysia is totally different due to different economic activities carried out 30 years ago for example most of the Malay stay in rural area, Chinese in urban area while Indians live in oil palm and rubber estate (Tan, 2011) and it is part of the British's administration strategy (Idrus and Siong, 2008).

Part of the strategy of NEP is that Malays are encouraged by the Malaysian government to migrate to urban centres and this is to change the character of urban population, which was dominated by the Chinese, and it can create a new Malay commercial community in urban areas from this strategy (Tan, 2011). The federal government introduced a quota system in housing development to ensure that at least 30 % of Bumiputera houses need to be built in every residential development (Idrus and Siong, 2008).

2.2 Affordable Housing Schemes in Malaysia

There have been numerous housing policies and programmes that have been developed by the government of Malaysia throughout the years since after independence (Idrus and Siong, 2008) through Malaysia Plans. During the Tenth Malaysia Plans which took action from 2011 until 2015, the government has established different kinds of housing programmes to provide sufficient and affordable houses (RMK11, 2016). There are few programmes like Program Bantuan Rumah (PBR), Program Perumahan Rakyat (PPR) and Rumah Mesra Rakyat 1Malaysia (RMR1M) (RMK11, 2016) were designed to help the low-income household to be able to own a house with some help from the government (Sufian, 2012a).

2.3 Implementation of PR1MA Housing

The advancement and development of PR1MA project in urban Malaysia range to make a vital financial housing development model. PR1MA is not only a house, it contains civilities, utilities and foundation as instructive, recreational and clinical offices (Eshruq Labin *et al.*, 2014). PR1MA housing plan will just concentrate on house costs valued between RM 220,000 and RM 300,000 for first-time homebuyers with a family unit pay of under RM6,000 every month. Under this program, the qualified purchasers can apply for an advance of up to 105% from budgetary foundations with a 30-year instalment plan (Bash, 2015). PR1MA was launched on 4th July 2011 by the Malaysian Prime Minister Datuk Seri Najib Tun Razak under the PR1MA Act 2012 in order to plan, develop, build and offer high quality modern concept housing projects for the middle-income urban settlers (PR1MA.my, 2014). PR1MA provides a great rent-to-own (RTO) scheme for potential buyers who fail to acquire bank loans (NST, 2014). The scheme lets the buyers own the properties by paying rent for between 20 to 30 years.

PR1MA's primary focus is on the household incomes from RM 2,500 to RM10,000 which requires government assistance to close their affordability gap (PR1MA Corporation Malaysia, 2015). This group of household incomes applies to 60% of the population. This means, with other projects and programmes by the government, 90% of the Malaysian citizens would be covered by the government assisted programs. However, the applicants must be at least 21 years of age and the owners of PR1MA are not allowed to sell the purchased units within 10 years' time (Maram, Yassin and Shamsudin, 2015). With most other acts related to housing construction such as the Housing Development, Town and Country Planning Act 1974, Street, Drainage and Building Act 1976 and Uniform Building by-Laws 1984 are all under the jurisdiction of the Ministry of Housing and Local Government. However, when PR1MA was introduced, although this act related to housing, this act was placed under the jurisdiction of the Prime Minister's Department (Sufian, 2012b). It has become a question mark whether the privilege PR1MA that covers topics related to ownership and rental housing for moderate groups compared with the cost of home ownership and rental prices for low-income groups so that this act is placed directly under the control and supervision of the Prime Minister.

The implementation of projects under PR1MA so far involves a licensed developer controlled by Licensing Development Act. The situation is similar with low-cost housing projects that were developed by a licensed developer. However, as is readily understood, in addition to low-cost housing development undertaken by private developers, low-cost housing was also implemented by several authorities such as the State Economic Development Corporation and the National Housing Department. The same role can be played by existing authorities to develop medium-cost housing, without having to set up a special organization, namely the 1Malaysia Housing Corporation to handle the needs of medium-cost housing problems (Sufian, 2012b). This will not only reduce the financial burden of administering the new organization like this, but can coordinate housing policy for the two categories of medium-cost and low-cost houses.

With projects all over Malaysia, PR1MA is managed by PR1MA Berhad, which is a government owned company under the Prime Minister Department (Sufian, 2012a) has taken its first step on 29th November 2011, as Dewan Rakyat has passed PR1MA Bill 2011 which then also passed by the Dewan Negara on 23rd December 2011, which later on, PR1MA Act 2012 received Royal assent on 30 January 2013. Hence, almost a year later on 1st January 2013, PR1MA Act 2012 was enforced in Peninsular Malaysia and Labuan Perbadanan PR1MA Malaysia was officially formed. Afterwards, the board of PR1MA was appointed by Prime Minister Datuk Seri Najib Razak on 12th March 2013 and the board began their first board meeting on 16th April 2013 (PR1MA Corporation Malaysia, 2015). PR1MA has continued to operate until the present day.

2.4 Issues and Challenges

There will be many issues and challenges faced by the developers in every housing development and this will also happen during the PR1MA development. The PR1MA chief executive officer Datuk

Abdul Mutalib Alias has mentioned a few major challenges they are facing right now which are looking for suitable land and location for PR1MA, obtained planning approval from the local authorities and also developers' profit margin (Saieed, 2016).

PR1MA chief executive officer Datuk Abdul Mutalib Alias mentioned that one of the challenges and factors that cause slow delivery of PR1MA housing is to acquire and identify the suitable land for PR1MA development (Saieed, 2016). He added the process in identifying and allocating suitable land can be sped up with the help of authorities. Abdul Mutalib says location is important and he doesn't want to put the purchaser far away from the city because this will cause them to have to spend more on the transportation cost. There are several state governments allocated land for PR1MA where they have planned to urbanize but these areas most probably far away from amenities and transportation links since area that closer to the local amenities such as school, retailing outlets and public transportation station can only be considered as a good location (Lip Sean and Teck Hong, 2014).

Any development that involves land area more than 50 hectares is required to provide the environment impact assessment (EIA) for acquired planning permission (Abdullah *et al.*, 2011; Omar, 2002). But according to Omar (2002), the period of the development will be lengthened due to the requirement to submit EIA reports to authorities for controlling and monitoring purposes. Aziz, Yi, and Jaafar (2006) mentions that housing developers need to adapt to the land-use requirement quickly due to ever changing rules and policies and they also complained about the period to get planning approval which will cause them to lose money. Obtaining planning permission will or can cause slow delivery of the approved PR1MA project because there are so many layers to go through during the approval process and this is one of the challenges for PR1MA (Saieed, 2016). He adds that different states have their own criteria or requirements when they are giving out the planning permission and therefore stakeholders of PR1MA need to work together to achieve that requirement.

Development margins are lower for affordable homes and developers have many costs to bear in development projects such as high land price and increasing construction cost. These cause most of the developers not interested to join venture with the government to build the PR1MA house. This is shown when not even one of the top ten developers that were called to the meeting conducted by PR1MA corporation is interested in joining PR1MA development (Saieed, 2016).

This problem is solved when PR1MA works together with Real Estate and Housing Developers' Association (REHDA) to explain to developers how PR1MA works on a roadshow and more than 900 proposals have been received from the developers after the roadshow. Bina Puri Holdings Bhd is one of the developers involved in PR1MA development and the executive director Matthew Tee says developers cannot get lucrative profit margin by building affordable homes, adding that the government should provide incentives to encourage developers (Saieed, 2016). This is because private developers might have interest to work with the government to build the affordable house if sufficient incentives are given by the government due to increased land cost. According to Ong (2013), the cost of building a unit will cause the housing price to increase. The cost of construction involves a lot of professional workers with a high level of education, such as engineering, compared to workers who are less educated where developers will be able to charge the cost to the buyer.

3. Research Methodology

This study employs an empirical approach to data analysis using secondary data sourcing from Jabatan Penilaian dan Perkhidmatan Harta (JPPH) Kuala Lumpur. In this study, MRA is run in SPSS to identify the relationship between the factors and the selling price of property in Kuala Lumpur based on different property type and price range. The output from the MRA is used to identify the criteria of

housing in Kuala Lumpur and comparison is made towards the criteria of PR1MA housing. From here, issues and challenges of PR1MA development in Kuala Lumpur are identified.

3.1 Data

As noted, this research uses secondary data obtained through Jabatan Penilaian dan Perkhidmatan Harta (JPPH) Kuala Lumpur. Table 1 shows the total unit of housing transacted in Kuala Lumpur from year 2011 to year 2016 based on different property type and price range. The total amount for the high rise building is 33613 while for the non-high rise is 20833. Next, Figure 1 shows the percentages for these two different groups. For high rise buildings, there is only 1% price less than RM 100,000 and 43% is between RM 100,000 to RM 400,000. The remaining 56% is property that is priced greater than RM 400,000. There are 17% of non-high rise buildings less than RM 100,000 and 42% between RM 100,000 to RM 400,000. For the property that price greater than RM 400,000 just 41% only.

Table 1: Transaction unit in Kuala Lumpur from year 2011 to 2016 (Khoo, 2016)

Property type	Price Range	Unit
High Rise Building	Less than RM 100,000	278
	RM 100,000 to RM 400,000	14,490
	More than RM 400,000	18,845
Non-High Rise Building	Less than RM 100,000	3,596
	RM 100,000 to RM 400,000	8,765
	More than RM 400,000	8,472
Total		54,446

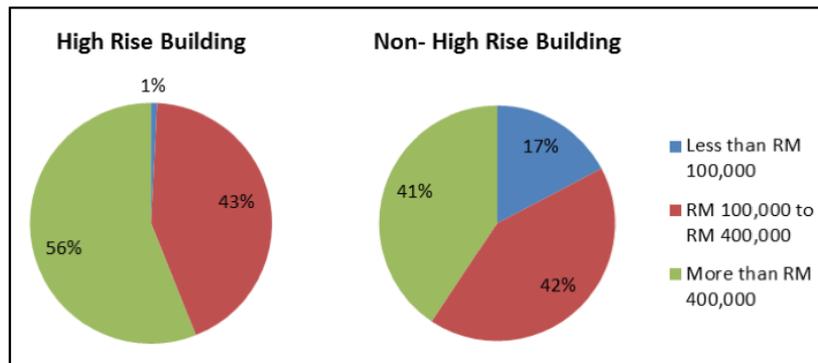


Figure 1: Percentage of high rise and non-high rise building based on different price range (Khoo, 2016)

3.2 Empirical Analysis

The design of this study is essentially quantitative research. Multiple Regression Analysis (MRA) is performed in SPSS to analyze the data obtained from JPPH to acquire the relation between the factor and the price of the affordable housing and indirectly identify the issues and challenges of PR1MA development that cause slow delivery problems. Regression analysis is a statistical tool for the

investigation of relationships between variables. Multiple Regression Analysis (MRA) is a statistical tool that is used to examine how two or more independent variables are related to the dependent variable. Accurate prediction can be made using the information about all the independent variables using the equation created by MRA after the relationship between the dependent variable and independent variables are identified.

3.3 Multiple Regression Method

Multiple regression is a general statistical technique through which one can analyse the relationship between a dependent or criterion variable and a set of independent or predictor variables (McDonald, 2014). According to Kelley and Maxwell (2003), multiple regression may be viewed either as a descriptive tool by which the linear dependence of one variable on others is summarized and decomposed, or as an inferential tool by which the relationships in the population are evaluated from the examination of sample data. The basic principles of regression analysis used in the bivariate case may be extended to situations involving two or more independent variables.

The general form of the (unstandardized) regression is:

$$Y' = A + B_1X_1 + B_2X_2 + \dots + B_kX_k$$

Where Y' represents the estimated value for Y, A is the Y intercept, and the B1 are the regression coefficients. The use of R, the coefficient of determination, also called the multiple correlation coefficient, is well established in classical regression analysis (Rao, 1973). Its definition as the proportion of variance explained by the regression model makes it useful as a measure of success of predicting the dependent variable from the independent variables. It is desirable to generalize the definition of R' to more general models, for which the concept of residual variance cannot be easily defined and maximum likelihood is the criterion of fit. R-squared is always between 0 and 1. In general, the higher the R-squared which is nearer to 1, the better the model fits the data and vice versa.

4. Data Analysis and Results

4.1 Multiple Regression Analysis

The results are computed in Table 2 which shows that the R² for houses that are greater than RM 400,000 are all higher than the group price between RM 100,000 to RM 400,000 with the exception of groups without high rise building which is 0.015 lower. This indicates that more than 80% of the price of high rise building in Kuala Lumpur can be explained by all the independent variables. This signifies that high rise buildings in Kuala Lumpur are more towards high end housing instead of affordable housing that priced lower than RM 400,000. It means the developments of high rise buildings are more luxurious and priced greater than RM 400,000, which is actually unaffordable for the middle income group. According to Bakhtyar *et al.*, (2012), the developer mostly engaged in constructing medium income and luxury housing in Kuala Lumpur. To make the comparison between the R² of each group more visualized, all the results are presented on Figure 2.

Table 2: Summary of MRA (Khoo, 2016)

Types of Property	Price Range	R ²
All property type	All	0.512

	Less than RM 100,000	0.033
	RM 100,000 to RM 400,000	0.335
	More than RM 400,000	0.456
All property type without high rise building	All	0.455
	Less than RM 100,000	0.064
	RM 100,000 to RM 400,000	0.525
	More than RM 400,000	0.510
Condominium	All	0.832
	Less than RM 100,000	0.160
	RM 100,000 to RM 400,000	0.233
	More than RM 400,000	0.830
Apartment	All	0.810
	Less than RM 100,000	0.137
	RM 100,000 to RM 400,000	0.346
	More than RM 400,000	0.803

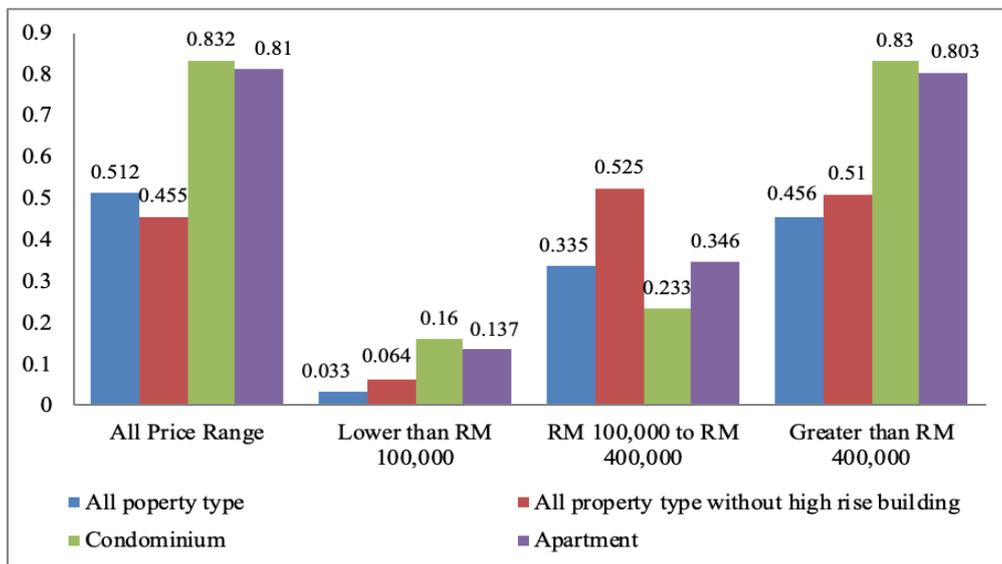


Figure 2: Comparison between the R² for different group of property in Kuala Lumpur (Khoo, 2016)

The R² for the properties that are greater than RM 400,000 are shown on Figure 2. The value of R² for a condominium and apartment that is greater than RM 400,000 is almost the same as the R² of all price ranges. This shows that high rise buildings in Kuala Lumpur with higher price can be explained better by the independent variables as compared to other property that are lower than RM 400,000. This also means that most of the high rise buildings in Kuala Lumpur price higher than RM 400,000. According to Ong (2008), Kuala Lumpur has the smallest land area but the highest density, therefore

development can only be the high-end strata type due to the high cost of land. This is totally different from the concept of PRIMA that plans to develop affordable high rise buildings that price between RM 100,000 to RM 400,000 in Kuala Lumpur. A few questionable issues which are indirectly related to PRIMA development are found. The issue is the differences between the types of affordable housing that are currently offered in Kuala Lumpur and the type of affordable housing launched by PRIMA. Other issues are whether Kuala Lumpur is a suitable location to build affordable housing and the contradiction between the concept of PRIMA and the current development concept of high rise building in Kuala Lumpur.

4.2 Prediction of Price Using MRA Model

Table 3 shows that the R² value is 0.713 which means there is a strong association between the variables. While the R² is 0.509 and it indicates 50.9% of the dependent variable that can be explained by the independent variables. The probability of the F statistics on Table 4 tests whether the overall regression model is a good fit for the data. The table shows that the independent variables are statistically predicted as the dependent variables since F (7, 54438) equals 8183.869 where P-value is less than 0.005. This also indicates that the model can be used to predict the trend and future value of properties price in Kuala Lumpur.

Table 3: Model summary for all transaction data in Kuala Lumpur (Khoo, 2016)

Model Summary				
Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.713 ^a	.509	.508	760951.364

a. Predictors: (Constant), Luas Bgn Utama (mp), Jenis Bangunan, Luas Lot, Mukim/Bandar, Jenis Pegangan, Jarak

Table 4: Anova^a table from MRA (Khoo, 2016)

ANOVA ^a						
Model		Sum of Squares	df	Mean Square	F	Sig.
1	Regression	32889053622094632.000	7	4698436231727805	8183.869	.000 ^b
	Residual	31253367235822768.000	54438	574109394831.235		
	Total	64142420857917400.000	54445			

a. Dependent Variable: Balasan (RM)

b. Predictors: (Constant), Luas Bgn Utama (mp), Jenis Bangunan, Luas Lot, Tkh. Penilaian, Mukim/Bandar, Jenis Pegangan, Jarak

For the prediction, it only focuses on high rise buildings (condominium and apartment) since all PRIMA projects launched in Kuala Lumpur are high rise and there is lack of land in Kuala Lumpur to develop non-high rise buildings that need more space.

Table 5 shows the predicted price of the freehold high rise building at different location in Kuala Lumpur and all of the results are higher than RM 400,000 which is contradict with the concept of

PR1MA that wanted to developed house in urban area with selling price that 20% lower than the market price which is in between RM 100,000 to RM 400,000. This also indicates that it is very difficult for PR1MA to develop more freehold housing projects in Kuala Lumpur. Therefore, it is a need for PR1MA to look for land in sub-urban areas instead of urban areas to launch the project. The equation formed is as shown below:

$$Y = 365963.954 - 17788.084 X_2 - 6272.765 X_3 + 7.143 X_4 - 234578.064 X_5 + 32748.993 X_6 + 6204.451 X_7$$

Where, X_1 = Distance to CBD

X_2 = District/City

X_3 = Lot area

X_4 = Titles

X_5 = Types of property

X_6 = Area of building

Table 5: Prediction the price of freehold high rise building in Kuala Lumpur (Khoo, 2016)

Distance to CBD (km)	District/ City	Lot area	Titles	Types of Property	Area of Building	Predicted Price (RM)
11.4	1	156.944	1	1	124.395	727900
23.2	2	156.944	1	1	124.395	511728
0	3	156.944	1	1	124.395	918139
17.6	4	156.944	1	1	124.395	598796
13	5	156.944	1	1	124.395	674348
14.2	6	156.944	1	1	124.395	646730
20.6	7	156.944	1	1	124.395	526614
8	8	156.944	1	1	124.395	744471
15.3	9	156.944	1	1	124.395	608345
12.6	10	156.944	1	1	124.395	650100
13.9	11	156.944	1	1	124.395	620703
15.1	12	156.944	1	1	124.395	593084

Table 6 shows the predicted price for high rise building when the land status is leasehold. It shows there are some locations still able to develop residential units at an affordable price which are in Bandar Baharu Sungai Besi, Bandar Petaling Jaya, Mukim Hulu Kelang, Mukim Petaling and Mukim Setapak. If PR1MA still insists on building affordable houses in Kuala Lumpur, they can take these locations into consideration if the land status is leasehold.

Table 6: Prediction the price of leasehold high rise building in Kuala Lumpur (Khoo, 2016)

Distance to CBD (km)	District/ City	Lot area	Titles	Types of Property	Area of Building	Predicted Price (RM)
11.4	1	156.944	2	1	124.395	493223
23.2	2	156.944	2	1	124.395	277050
0	3	156.944	2	1	124.395	683461
17.6	4	156.944	2	1	124.395	364118
13	5	156.944	2	1	124.395	439670
14.2	6	156.944	2	1	124.395	412052
20.6	7	156.944	2	1	124.395	291936
8	8	156.944	2	1	124.395	509792
15.3	9	156.944	2	1	124.395	373667
12.6	10	156.944	2	1	124.395	415422
13.9	11	156.944	2	1	124.395	386024
15.1	12	156.944	2	1	124.395	358406

4.2 Analysis on Criteria on Housing in Kuala Lumpur and Under PR1MA

By using the results obtained from previous analysis, criteria for PR1MA and in Kuala Lumpur will be cross checked. Significantly, this will reveal the issues that might rise given the contradictory nature of housing criteria for both PR1MA and in Kuala Lumpur.

In order to do that, criteria of housing in Kuala Lumpur from previous analysis are gathered which includes the location of the houses transacted according to the building types. These housing criteria are then compared and analyzed to identify the challenges for PR1MA to develop houses in Kuala Lumpur. Table 7 and Table 8 show the housing criteria for both PR1MA and in Kuala Lumpur. There are three general criteria for PR1MA housing in Kuala Lumpur. The criteria include property type, price and location. All three criteria are related to each other and analysed and compared to identify the challenges occurred in PR1MA housing, especially in Kuala Lumpur.

More than 50% of the high rise building in Kuala Lumpur exceeds RM 400,000. Obviously, houses with price range less than RM 100,000 is limited in Kuala Lumpur, which makes it harder for PR1MA to build affordable houses especially in CBD areas. Even though most PR1MA projects in Kuala Lumpur are targeting to launch with a starting price as much as RM 243,000, it is still hard for PR1MA to build affordable houses in CBD areas as they would have wanted to in the first place. PR1MA believes that location is paramount to the project and the corporation doesn't want the purchaser to be put far away from the city (Bernama, 2016) because this will cost them more on transportation costs (Lip Sean and Teck Hong, 2014).

Table 7: Criteria of PR1MA housing in Kuala Lumpur (Khoo, 2016)

Criteria of PR1MA Housing in Kuala Lumpur	Details
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Property type	· All projects launched in Kuala Lumpur are high rise buildings.
Price	· The price is between RM 100,000 to RM 400,000 · The price of project launched in Kuala Lumpur starting from RM243,000
Location	· The projects are launched in Mukim Cheras, Mukim Sg.Pencala and Bandar Kuala Lumpur.

Table 8: Criteria of housing in Kuala Lumpur (Khoo, 2016)

Criteria of Housing in Kuala Lumpur	Details
Property type	· There are different properties been developed in Kuala Lumpur · 62% percent are high rise building
Price	· The amount of property that is priced lower than RM 100,000 is limited. · Non-high rise buildings are more affordable than high rise buildings. · More than 50% of high rise buildings are greater than RM 400,000.
Location	· There are more high rise building in CBD area as compared to non-high rise building · Non-high rise building are built at district that surrounded the CBD and there is only a small amount in CBD area · For high rise building, most of the transaction happened in Mukim Batu followed by Mukim Kuala Lumpur and Mukim Petaling · While for non-high rise building, most of the transaction happened in Mukim Petaling followed by Mukim Batu and Mukim Kuala Lumpur · Therefore, development of residential unit in Kuala Lumpur is more focused on Mukim Batu, Mukim Kuala Lumpur and Mukim Petaling.

The previous prediction shows that all the locations in Kuala Lumpur are actually not suitable to develop PR1MA housing since the predicted prices are all higher than RM 400,000 which is totally different from the price range of PR1MA housing. The only similarity between these two is both of the developments are focusing on high rise buildings since Kuala Lumpur has insufficient land. Hence, it is tougher for PR1MA to launch affordable housing projects in urban areas since developers are unable to profit lucrative revenue with lower margin as supported by Saieed (2016). This could cause the PR1MA housing projects in Kuala Lumpur to halt or at least be postponed until a firm solution is made.

Table 9 shows the summary of comparison between the criteria of the housing in Kuala Lumpur and under PR1MA. From the analysis, it can be summarized that the concept of development of housing in Kuala Lumpur nowadays are more towards high end and luxurious which cause the price of the property increase and most of them are greater than RM400,000. While the concept of PR1MA housing is focused on affordable housing for the middle income household.

Table 9: Comparison between criteria of Kuala Lumpur and PR1MA housing (Khoo, 2016)

Criteria of KL Housing	Criteria of PR1MA Housing	
High end and luxurious	Affordable	X
Most of them are greater than RM 400,000	RM 100,000 to RM 400,000	X
Development can only be high-end strata type due to the high cost of land	Focus on high rise building in Kuala Lumpur	√

Development more focus on Mukim Batu, Mukim Kuala Lumpur and Mukim Petaling	Project launched in CBD, Mukim Cheras, Mukim Sg. Penchala (Damansara) which have predicted price higher than RM 400,000	X
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5. Discussion and Conclusion

From the analysis, it shows that there is more high-rise building as compared to non-high rise buildings in the CBD area. This is because there is insufficient land in the city centre to develop non-high rise buildings that need more space as compared to the high rise building. Other than this, the non-high rise building is more affordable than the high rise building in Kuala Lumpur due to the location and distance to CBD. The development of MRT, LRT and highway systems that can decrease the commuting time is one of the factors that non-high rise building is far from the city centre which makes it more affordable.

The analysis also shows that there is a limited supply of affordable high rise buildings that is lower than RM 400,000 because nowadays the developers tend to develop or design small developments classified luxury high-end condominiums in Kuala Lumpur. Other than this, it is a very challenging task for PR1MA to build affordable houses in Kuala Lumpur from the results from the prediction since the predicted price for all locations are more than RM 400,000 which is different from the price range of PR1MA. But if PR1MA still insists to build affordable housing in Kuala Lumpur, there are still few possible locations to develop PR1MA housing such as Bandar Baharu Sungai Besi, Bandar Petaling Jaya, Mukim Hulu Kelang, Mukim Petaling and Mukim Setapak but with a condition that the land status is leasehold.

As conclusion, most of the criteria of PR1MA housing in Kuala Lumpur don't meet the criteria of housing in Kuala Lumpur in terms of price, location, distance to CBD and concept of residential development which be the issues and challenges for PR1MA development that cause slow delivery other than slow approval from the local authority during the development process at the pre-development phase.

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