

**PROPOSED FRAMEWORK FOR DETERMINING ADEQUACY, CURRENCY AND SUFFICIENCY OF
HADDUL KIFAYAH AND THEIR APPLICATION IN THE PROVISION OF
HOUSING FOR THE UMMAH**

3. THE FORMULA AND HYPOTHETICAL CALCULATIONS

Stay For Free Home

(Self-owned accommodation/owner occupier) ©

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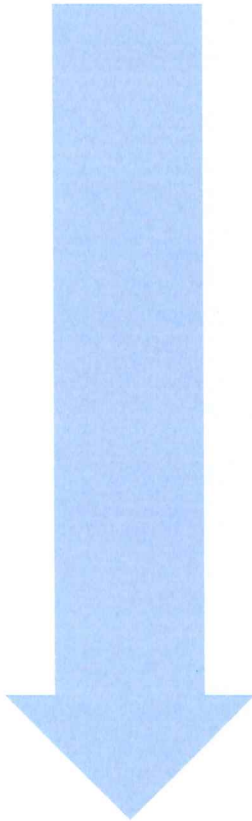
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PROPOSED FRAMEWORK FOR DETERMINING ADEQUACY, CURRENCY AND SUFFICIENCY OF HADDUL KIFAYAH AND THEIR APPLICATION IN THE PROVISION OF HOUSING FOR THE UMMAH – 3. THE FORMULA AND HYPOTHETICAL CALCULATIONS: Stay For Free Home (owned accommodation/owner occupier)

A

Identify Components



| Formula | Variables | |
|---|---|--------------------------|
| <p>A: Cost of Total Components</p> <p>A = Total cost of components</p> $A = \sum_{i=1}^{12} \alpha_i x_i, \text{ where } \alpha_i = \begin{cases} 1.00 & \text{if } 1 \leq i \leq 8, \\ 1.06 & \text{if } 9 \leq i \leq 12. \end{cases}$ <p>$i = 1, 2, \dots, 12$ are housing components in Table A and α_i is a tax coefficient (SST). Note that items, $i = 1$ to 8, as if in the year 2020 is not subjected to SST. Items for $i = 9, 10, 11$ and 12 are subjected to SST at 6%.</p> | Components | Amount (RM) ⁱ |
| | <ol style="list-style-type: none"> 1. Electricity 63.77 2. Water supply 15.00 3. Telephone 28.00 4. Sewerage 4.75 5. Quit Rent / Joint Management Committee Fee 3.00 6. Assessment Tax 5.00 7. Internet 79.00 8. Cable channel 39.95 9. Maintenance 45.00 10. Insurance (Houseowners) 5.00 11. Insurance (Householders) 5.00 12. Furnishing 112.80 13. SST (for components that are yet to include SST) 6% | |
| <p>Example:</p> $A = 1 \times (63.77 + 15.00 + 28.00 + 4.75 + 3.00 + 5.00 + 79.00 + 39.95) + 1.06 \times (45.00 + 5.00 + 5.00 + 112.80),$ <p>A = 416.34 [RM/month].</p> | | |

ⁱ Data from various sources (Refer the Main Framework)

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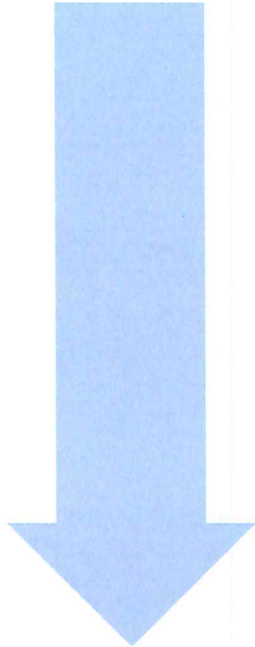
B
Determine The Household Size

| Formula | Variables |
|---|--|
| <p>B: Weightage for household size - Stay for free home (Self-Owned accommodation/ owner occupier)</p> $B_{\text{free}} = \frac{I_{\text{hh,free}} \times p}{x_{\text{year}} \times 12}$ <p>where B_{free} = Weightage for household size with stay for free home [RM/month], $I_{\text{hh,free}}$ = Index for household size with stay for free home [-], $= \left\{ \frac{A_{\text{house}}}{h_{\text{average}} \times x_{\text{bedroom}}} \right\} \times (h_{\text{actual}} - h_{\text{average}}).$ p = Property price per built-up area [RM/sqft], $= \frac{v}{A_{\text{house}}},$ x_{year} = Indicated period [year], with A_{house} = Built-up area [sqft], x_{bedroom} = Number of bedrooms [bedrooms] h_{actual} = Actual household size [person/hh] h_{average} = Average household size [person/hh], v = property price [RM]</p> <p>Note that if the $h_{\text{actual}} < h_{\text{average}}$, there will be no contribution weightage from B.</p> | <ol style="list-style-type: none"> 1. Property price [RM], 2. Built-up area [sqft], 3. Number of bedrooms [bedrooms], 4. Actual household size [person/hh], 5. Average household size [person/hh], and 6. Indicated period [year]. |
| <p>Example: For the case of household size with 5 persons.</p> $v = 38,500 \text{ [RM]}^{\text{ii}}, \quad x_{\text{year}} = 5 \text{ [years]}$ $A_{\text{house}} = 700 \text{ [sqft]}^{\text{iii}}, \quad h_{\text{average}} = 4.1 \text{ [persons]}^{\text{iv}},$ $p = 38,500/700 \text{ [RM/sqft]}, \quad h_{\text{actual}} = 5 \text{ [person/hh]},$ $x_{\text{bedroom}} = 3 \text{ [bedrooms]},$ $B_{\text{free}} = \frac{\left[\left\{ \frac{700}{4.1 \times 3} \right\} \times (5 - 4.1) \right] \times \frac{38,500}{700}}{5 \times 12},$ <p>$B_{\text{free}} = 46.95 \text{ [RM/month]}$.</p> <p>Note that if the $h_{\text{actual}} < h_{\text{average}}$, there will be no contribution weightage from B.</p> | |

ⁱⁱ Based on KPKT website, PPR houses are priced at RM 35,000.00 per unit in Peninsular Malaysia and RM 42,000.00 in Sabah and Sarawak. Therefore, mean price for PPR is (RM35,000 + RM 42,000) / 2 = RM38,500. Source: Official Portal National Housing Department, Ministry of Housing and Local Government (2018). <https://ehome.kpkt.gov.my/index.php/pages/view/133> (retrieved 18th Oct 2019)
ⁱⁱⁱ Value based on rental rate for PPR. Minimum size 700 sqft. 3 bedrooms, 1 living room, 1 kitchen, 2 bathrooms. Household income below RM 3,000 per month. Source: Official Portal National Housing Department, Ministry of Housing and Local Government, (2018). <http://ehome.kpkt.gov.my/index.php/pages/view/133> (retrieved 15th Oct 2019)
^{iv} Source: Household Income and Basic Amenities Survey Report 2016, DOSM. <https://newss.statistics.gov.my/newss-portalx/ep/epProductFreeDownloadSearch.seam> (retrieved 15th Oct 2019)

c

Add Special Needs
(additional if any)



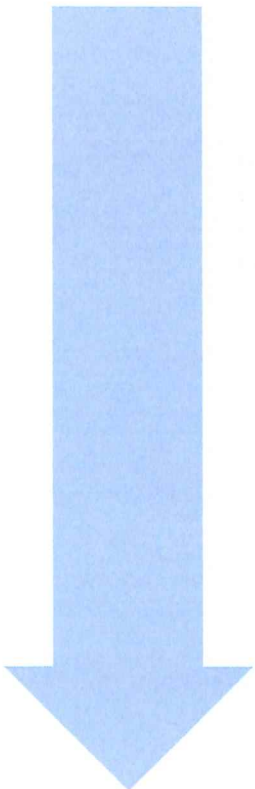
| Formula | Variables |
|---|--|
| <p>C: Special Needs</p> $C = \frac{x_{\text{cons}}}{x_{\text{year}} \times 12},$ <p>where x_{cons} = Construction cost estimation [RM], x_{year} = Indicated period [years],</p> | <ol style="list-style-type: none"> 1. The construction cost estimates for renovation works to suit the requirements for household with special needs, and 2. Indicated period [year]; the duration between the surveys conducted by <i>Majlis Agama Islam Wilayah Persekutuan</i> (MAIWP). |
| <p>Example:</p> $x_{\text{cons}} = 6,720 \text{ [RM]}^{\vee},$ $x_{\text{year}} = 5 \text{ [years]},$ $C = \frac{6,720}{5 \times 12}$ <p>C = 112.00 [RM/month].</p> <p><i>Note that if there is no household member with special need, there will be no contribution weightage from C.</i></p> | |

[∨] Note: RM6,720.00 is based on construction cost estimates for renovation works to suit the requirements for household with special needs. It is assumed that the cost is for 5 years interval because according to State Islamic Religious Councils, normally survey on the cost of living is conducted every 5 years. It is important to note that the value, i.e; RM6,720.00 represents an estimate, hence by no means fixed or constant. It is subjected to change depending upon the market price of materials and construction cost.

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D

Calculate Inflation Rate

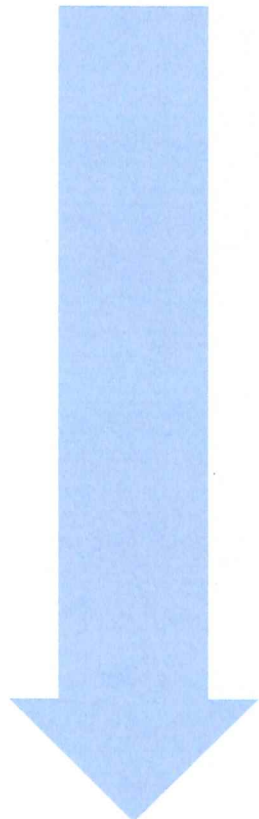


| Formula | Variables |
|---|---|
| <p>D: Inflation Rate</p> $D = (A + B_{free} + C) \times x,$ <p>where</p> <p>x = Inflation rate [%]</p> $= \frac{x_{current} - x_{base}}{x_{base}} \times 100\%,$ <p>with</p> <p>x_{base} = Consumer price index of the year the survey conducted for elements in A, B and C [-],</p> <p>$x_{current}$ = Consumer price index of the current year [-].</p> | <ol style="list-style-type: none"> 1. Base year; the actual year of the survey on cost of living conducted by MAIWP 2. Current year; the year of assessment 3. Consumer price index of the year of the survey 4. Consumer price index of the current year |
| <p>Example:</p> <p>$x_{base} = 120.7$ in year 2018,</p> <p>$x_{current} = 121.3$ in year 2019,</p> $x = \frac{121.3 - 120.7}{120.7} \times 100\% = 0.5\%.$ $D = (416.34 + 46.95 + 112.00) \times 0.5\%.$ <p>$D = 2.88$ [RM/month]</p> | |

TRGS16

E

Establish Location Index



| Formula | Variables |
|---|--|
| <p>E: Location Index</p> $E = r_{WP,k} \times I_{j,k}$ <p>where</p> $r_{WP,k} = \text{Amount of elements } A, B, C \text{ and } D \text{ for Wilayah Persekutuan in year } k \text{ [RM/month]},$ $= A + B + C + D.$ $I_{j,k} = \text{Index for location } j \text{ in year } k \text{ [-]},$ $= \frac{P_{j,k} - P_{WP,k}}{P_{WP,k}} \times 100\%.$ <p>with,</p> $P_{j,k} = \text{Low-cost house price for the location } j \text{ in year } k \text{ [RM]},$ $P_{WP,k} = \text{Low-cost house price for Wilayah Persekutuan Kuala Lumpur in year } k \text{ [RM]}.$ <p>Note that Wilayah Persekutuan is selected as base location.</p> | <ol style="list-style-type: none"> 1. Total for items A, B, C & D in the year of assessment, 2. Low-cost house price for Wilayah Persekutuan Kuala Lumpur in the year of assessment, and 3. Low-cost house price for the selected location in the year of assessment. |
| <p>Example:</p> <p><u>For the case of Selangor and Assessment year 2019</u></p> $r_{WP,2019} = 416.34 + 46.95 + 112.00 + 2.88,$ $= 578.17 \text{ [RM]}.$ $P_{Selangor,2019} = \text{Low-cost house price for location } j = \text{Selangor in year } k = 2019,$ $= 232,318 \text{ [RM]}.$ $P_{WP,2019} = \text{Low-cost house price for Wilayah Persekutuan Kuala Lumpur in year } k = 2019,$ $= 322,000 \text{ [RM]}.$ $I_{Selangor,2019} = \frac{P_{Selangor,2019} - P_{WP,2019}}{P_{WP,2019}} \times 100\%,$ $= \frac{232,318 - 322,000}{322,000} \times 100\%,$ $= -27.85\%.$ $E = r_{WP,2019} \times I_{Selangor,2019},$ $E = 578.17 \times (-27.85\%),$ $E = -161.02 \text{ [RM/month]}.$ | |

F

Haddul Kifayah

| Haddul Kifayah | Variables |
|---|---|
| <p>F: Haddul Kifayah Allocation for Shelter For Selected Location</p> $F = A + B + C + D + E.$ | <ol style="list-style-type: none">1. Value A,2. Value B,3. Value C,4. Value D, and5. Value E, |
| <p>Example:</p> <p><u>For the case of Selangor and Assessment year 2019</u></p> $F = 416.34 + 46.95 + 112.00 + 2.88 + (-161.02),$ $F = 417.15 \text{ [RM/month]}$ | |

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