

AFFORDABLE AND QUALITY HOUSING THROUGH THE LOW COST HOUSING PROVISION IN MALAYSIA

By :

Noraliah Idrus and HO Chin Siong

Department of Town & Regional Planning, Faculty of Built Environment
Universiti Teknologi Malaysia

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ABSTRACT

Housing is a major concern for all people in every corner of the world as the wellbeing of a country is reflected in its people enjoying a certain standard of living. Residential and neighbourhood satisfaction is an important indicator of housing quality and condition, which affects individuals' quality of life. The factors, which determine their satisfaction, are essential inputs in monitoring the success of housing policies. Housing provision for all in any country is very crucial in order to ensure social-economic stability and to promote national development. Therefore the Malaysian government under its 5 year National Plan has introduced the low, medium and high cost housing categories. The housing policy in Malaysia is to provide Malaysians of all income levels, particularly the low-income groups, accessibility to adequate, affordable and quality shelter. It provides direction to housing development in the country which should emphasis human settlement of better quality of life, national integration and unity. This paper will discuss the general scenario of housing in Malaysia particularly the low cost housing.

Keyword : Housing, Low Cost Housing, Housing Policy

1.0 INTRODUCTION

Since Independence in 1957, low cost housing provision rested in the hand of Government. Massive low-cost housing development in Malaysia is undertaken by both the public and private sectors

since mid 1980s when the government imposed policy on housing developer to contribute low cost housing in township development. Low-cost housing is defined according to its selling price of RM25 000 (about US\$ 8000) per unit or less and it is aimed at target group of households with monthly incomes not exceeding RM750 (RM1 is approximately equivalent to US\$0.30). However, these limits have been revised recently by the government. The government's commitment towards low-cost housing started during the First Malaysia Plan (1966–1970) while the private sector's involvement was in the Second Malaysia Plan (1971–1975) when the government realized the need and importance of the role of the private sector in ensuring an adequate supply of low cost housing for the country (Ghani & Lee, 1997).

Under the Seventh Malaysia Plan (1996-2000) and Eight Malaysia Plan (2001- 2005), Malaysian government are committed to provide adequate, affordable and quality housing for all Malaysian, particularly the low income group. During the Ninth Malaysia Plan (2006-2010) period, continuous efforts will be undertaken to ensure that Malaysians of all income levels will have access to adequate, quality and affordable homes, particularly the low-income group. In this regard, the private sector will be encouraged to build more low- and low-medium-cost houses in their mixed-development projects while the public sector will concentrate on building low-cost houses as well as houses for public sector employees, the disadvantaged and the poor in urban and rural areas. To enhance the quality of life of the urban population, the provision of more systematic and well organized urban services programmes will emphasize on sustainable development, promoting greater community participation and social integration of the population.

2.0 OVERVIEW OF MALAYSIA HOUSING POLICY

In many developing countries, public sector has been associated with low-cost housing for lower income groups. Public intervention in housing markets ranges from the provision of subsidies for low-income households to the construction of public low-cost housing for poorer households. The provision of cheap housing as a basic social need has been emphasised in Malaysia's social development programmes. The public housing programmes in Malaysia falls under the social sector of the national strategy. Housing policies can be grouped into 3 categories :

- Before 1970
- 1970s to 1990

➤ After 1990s

2.1 Housing Policy before 1970

There are 2 housing policies before 1970 (before independence and the post-independence):

2.1.1 The Colonial Housing Policy (1948-1960)

Before independence, the concept of public housing was associated with the provision of institutional quarters. The only programme providing housing for the Malaysian people was the resettlement of Chinese (New Villages) during emergency period. It was a part of British's administration strategy to weaken the support for communist insurgency.

Hard core of the housing problems during this time such as houses which are inadequate both with regard to accommodation and conveniences; and houses which are suitable in themselves but have become a danger to public health due to gross overcrowding. Hence, a committee had been setup in December 1946 to consider and report the housing problem in Malaya. Two types of housing which needed attention:

- Squatter type dwelling (hovels)
- Overcrowded cubicles

The committee's report recommended the establishment of a Housing Trust with powers to lease or purchase and hold land and buildings, to build houses, shops and shop-houses, and to sell, lease or let land and buildings. The Housing Trust is empowered to acquire land in accordance with existing law, and to borrow and raise capital or make loans. It also given the power to require the owners of vacant land in appropriate cases to develop them, or in default to pay special 'development rate', which would be accrued to the Trust.

2.1.2 Policy On Home-Owning Democracy (1961-1970)

The post-Independence concept of public housing advanced from merely providing housing for government officials to the concept of home-owning democracy.

Second Five-Year Plan (1961-1965) was concerned with the provision of cheap housing as a basic social need. Rural public low-cost housing programs implemented by the Housing Trust were targeted specifically towards rural poor households with incomes of below RM300 a month.

The First Malaysia Plan (1966-70) stressed the role of the government in providing:

- low-cost housing as 'one of the major efforts of the government to promote the welfare of the lower income groups
- the lower income groups were given special attention because 'the incomes of this economically weak section of the community are too low to encourage private developers to enter this field of housing development'.
- the services of the Housing Trust were provided to state governments on generous terms for undertaking low-cost housing projects.
- the need to tackle the squatter problem in larger urban areas. New construction techniques intended to speed up construction and to lower costs compared with the conventional method.

2.2 Housing Policy 1976-1990

Since in the early 1970s, Malaysia has undergone rapid urbanisation and industrialisation. Federal government paid more attention to the housing needs of the lower income groups.

The New Economic Policy (NEP) was introduced in 1971, which is housing programmes undertaken by both public and private sectors. NEP initiated to foster nationality unity and union-building. The housing industry was envisaged to play a leading role in stimulating economic growth.

The NEP focused on the development of housing estates in new areas. This was essential in achieving economic balance between urban and rural areas. In the various national development plans (3rd Malaysia Plan: 1976-80; 4th Malaysia Plan: 1981-85 and

5th Malaysia Plan: 1986-90), this strategy was further expanded to include the following elements:

- The spreading out of urban development rather than perpetuating the polarisation of such development in specific regions. New housing estates and industrial centres were set up in the less developed states to create a more balanced distribution of economic activities in underdeveloped areas;
- The integration of the development of these centres with their hinterlands to bring about greater urbanisation and industrialisation in the rural areas;
- The strengthening of linkages between the various corridors of development, new housing estates, industrial centres and new townships through the development of a denser system of urban centres and specialisations.

2.3 Housing policies during 1970s to 1990:

There are several housing policies during 1970s to 1990, which are as follows :

2.3.1 Housing and The New Economic Policy

The second programme of the New Economic Policy (NEP) was necessary because prevailing socio-economic imbalances persisted in all dimensions including income, poverty, employment, housing and ownership of wealth and assets.

The wide differences in participation of the various ethnic groups in the national economy were related to differences in control over the factors of production.

The NEP was conceived to prevent further perpetuation of this imbalance with specific restructuring objectives:

- Increasing the share of analysis in employment in the modern sector and within this sector, improving the income of Malays by upgrading their skills;
- Increasing the Malay share in corporate ownership, including housing and property;
- Increasing the number of Malay businessmen or entrepreneurs and the degree of Malay managerial control.

The federal government introduced a quota system in housing development to ensure that at least 30 percent of houses to be built were allocated for Bumiputera.

The public development expenditure has been used to continue to reduce inter-ethnic economic differences and to ensure the Bumiputera housing ownership quota is met. Some public enterprises were already in existence before the NEP, such as:

- Opening up of new land and settlement schemes by the Federal Land Development Authority (Felda);
- Provision of housing finance by Bank Bumiputera;
- Promotion of Malay participation in commerce by Majlis Amanah Rakyat (Mara, Council of Trust for Indigenous People) and in industry by Malaysian Industrial Development Authority (Mida); and (MARA).

New agencies were therefore necessary. New corporations set up following the implementation of the NEP include :

- Permodalan Nasional Berhad (Pernas), Urban Development Authority (UDA) and State Economic Development Corporations (SEDCs) with specific tasks of venturing into commerce and industry either singly or through joint ventures with other private or other public agencies.
- The federal government had been encouraging Malays to migrate to urban centres as part of the NEP strategy to change the character of the Chinese-

dominated urban population and also to create a new Malay commercial community in urban areas.

- In the 3rd Malaysia Plan, public housing programmes focused mainly on low-cost housing, the construction of houses in land settlement schemes, and the continuing provision of staff quarters
- In the 4th Malaysia Plan, the federal government concentrated on low-cost housing and the provision of sites and services in rural areas. Private sector developers concentrated on medium- and high-cost housing.

Since 1981, the Ministry of Housing and Local Government has introduced and implemented a concept of low-cost housing incorporating the following characteristics:

- Selling price: not exceeding RM25,000 per unit;
- Target groups: households with a monthly income not exceeding RM750;
- House type: flats, single-storey terrace or detached houses; and
- Minimum design: standard built-up area of 550-600 square feet, two bedrooms, a living room, a kitchen and a bathroom-cum-toilet.

2.3.2 Public low-cost housing programmes

Public low-cost housing programmes were accorded the highest priority in the Fourth Malaysia Plan and were built by both the Ministry of Housing and Local Government and SEDC.

The state and federal governments played a crucial role in increasing the number of statutory bodies in urban and housing development programmes such as UDA, SEDCs, Regional Development Authorities and Setiausaha Kerajaan Incorporated (SUK).

The criteria for application for low-cost housing included the applicants' monthly household income, age, marital status, citizenship, household size, hometown and political affiliations.

2.3.3 Site and services scheme

New approaches to housing provisions and methods to reduce the financial costs borne by the public sector were sought. One such policy discussion, held in Malaysia in the early 1970s, resulted in a request to the World Bank for assistance to provide shelter and services for the urban poor who were displaced from squatter areas in Kuala Lumpur.

A site and services programme was proposed as the 'solution' to resettle these squatters. The project comprised three major components:

- New sites and services;
- Squatter area upgrading; and
- Sites and services units.

Unfortunately, earlier lessons from similar programmes in rural areas in the 1950s and 1960s were ignored by both local planners and foreign consultants was only partly successful because the concept of core housing was alien to local authorities and only a few states implemented it.

For example, a number of problems emerged in implementing the sites and services programme in Kuala Lumpur such as :

- It took a full four years to construct these houses - there were no consultations between the Urban Development Authority, Kuala Lumpur City Hall and other participating agencies in matters such as land acquisition, planning standards and financial assistance to squatters
- UDA could not meet the new requirement of selling the houses to Malay squatters many land plots reserved for Malay squatters were left vacant.

The Ministry of Housing and Local Government had, since the 4th Malaysia Plan to supervised and monitored the implementation of the Site and

Services Scheme and aimed at providing housing for households with incomes of less than RM500 per month.

In order to ensure the private sector to construct low cost housing, government through the local authority also imposes 30% quota provision of low cost housing in every residential development. In ensuring that these houses are secured by targeted group, the government also imposed an open registration system (refer to Table 2.0). There are no specific quotas or registered purchaser required for other housing categories.

Table 2.0 : Summary of Malaysia Housing Policy

| Phase | Period | Focus of Attention | Strategies | Key Documents | Policy Analysis |
|-----------------------------|-------------|--|--|--|--|
| Colonial Period | Before 1957 | <ul style="list-style-type: none"> Housing for government staff quarters. Resettlement of people during communist insurgencies to the new village. Resettlement of people to Felda scheme. Provision of housing especially for low income people in urban areas. | <ul style="list-style-type: none"> Construction of government quarters based on department requirement. Building of houses in the new settlements with facilities for more than 500,000 people. Planning and development of Felda scheme with the housing and facilities. Setting up of Housing Trust in 1952. | Briggs Plan, 1952. Land Resettlement Act, 1956. Housing Trust Ordinance, 1950's. | Government are the key player in housing provision. Physical oriented. Ad-hoc policy. |
| Early stage of Independence | 1957-1970 | <ul style="list-style-type: none"> Continuing the colonial government policies with minor improvement. Emphasis on housing especially for low income group in urban area. Private sector involvement in housing provision. Improvement of basic infrastructure. | <ul style="list-style-type: none"> Implementation follow the colonial policies with limited budget. Housing Trust involved actively low cost housing development in urban areas such as KL and Penang. Private sector to concentrate on medium and high cost housing. | First and Second Malaya Plan (1955-1964) First Malaysia Plan (1965-1969) | Government as key player in housing provision especially low cost. Private sector to focus on medium and high cost housing. |
| New Economic Policy | 1971-1990 | <ul style="list-style-type: none"> Eradication of poverty and restructure the society. Implementation of Human Settlement Concept in housing development. | <ul style="list-style-type: none"> High rate of rural-urban migration. Private sector was responsible to built large portion of housing for | New Economic Policy, 1971 Second | Private sector as key player in housing provision including low |

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|--|--|---|---|--|-------|
| | | <ul style="list-style-type: none"> • Housing for low income group was given priority in national policies. • Private sector plays as key player in provision. | <ul style="list-style-type: none"> • people including low cost. • Ceiling price for low cost was set at RM25,000 in 1982. • Government established state agencies. • Encourage national unity in housing development. | Malaysia Plan to Fifth Malaysia Plan (1971-1990) | cost. |
|--|--|---|---|--|-------|

| Phase | Period | Focus of Attention | Strategies | Key Documents | Policy Analysis |
|---------------------------|-----------|--|---|---|---|
| National Development Plan | 1991-2000 | <ul style="list-style-type: none"> • Continue implementation of NEP policies and strategies. • Human Settlement Concept with emphasis on sustainable development. • To ensure all people regardless of their income to live in decent house. • Private sector continue to responsible in housing provision for the people. | <ul style="list-style-type: none"> • To build more affordable housing especially low and low medium cost housing. • Low medium cost as major component in housing provision since Seventh Malaysia Plan (1996-2000) • Emphasis on squatters elimination by year 2005. • Government created new laws and guidelines to control private sector. | National Development Plan, 1991 Sixth and Seventh Malaysia Plan (1991-2000) Agenda 21 (UNCHS), 1994. The Habitat Agenda 1996 | Private sector still play as key player in housing provision but government created many new laws and guidelines to ensure quality housing. |
| Vision Development Plan | 2001-2010 | <ul style="list-style-type: none"> • Emphasis on sustainable urban development and adequate housing for all income groups. • Housing development will be integrate with other type of | <ul style="list-style-type: none"> • Continue effort to provide the guidelines and inculcate the citizen understanding towards sustainable development and encourage citizen | Vision Development Plan 2001 Eight Malaysia Plan 2001-2005 | Government as key player in provision of low cost housing provision. |

| | | | | | |
|--|--|---|--|--|--|
| | | development such as industry and commercial. <ul style="list-style-type: none"> • Emphasis on ICT • Government as key player in low cost housing provision and private sector for medium and high cost housing. | to participate in housing development in line with Local Agenda 21. <ul style="list-style-type: none"> • Encourage more private developers to constructs low medium cost house. • Setting up Human Settlement Research Institute (MAHSURI) to encourage research and development in housing. | | |
|--|--|---|--|--|--|

Source : Various Five Years Malaysia National Plan

3.0 HOUSING PRICE, THE DESIGN AND PLANNING STANDARD OF LOW-COST IN MALAYSIA

The housing price categories in Malaysia based on the Ministry of Housing and Local Government definition. In order to improve the quality of low-cost houses and simultaneously meet private developer's argument for a review of the selling prices of these units the government has introduced in 2002 the new pricing guideline for this type of houses. Table 3.0 summarises the new selling prices schedule, and interestingly this schedule is subject to the approval of the respective state authority where the development is located. With the new selling prices of low-cost houses, it is to be expected that the design specifications be revised too. The new design specifications are summarized in Table 3.1.

Table 3.0 : Low Cost Housing Price Structure Based On Location and Target Groups

| House Price Per Unit | Location (Land price per square meter) | Monthly Income Of Target Group |
|----------------------|---|--------------------------------|
| RM 42 000 | City Centre & Urban (RM45 and above) | RM 1,200 - RM1,500 |
| RM 35 000 | Urban & sub-urban (RM15-RM44) | RM 1,000 - RM1,350 |
| RM 30 000 | Small Township & Sub-rural (RM10-RM14) | RM 850 - RM 1,200 |
| RM 25 000 | Rural (below RM10) | RM 750 – RM 1,000 |

Source : Ministry Of Housing and Local Government, 2002

Table 3.1 Low-Cost Houses : New Design Specifications

| Elements | Terrace Houses | Flats |
|-------------|----------------------|----------------------|
| Floor Space | 48-60 m ² | 45-56 m ² |

| | | |
|---------------------------------|---|---|
| Bedroom | | |
| -minimum number | 3 | 3 |
| -minimum area of habitable room | | |
| (i) First room | 11.7 m ² | 11.7 m ² |
| (ii) Second room | 9.9 m ² | 9.9 m ² |
| (iii) Third room | 7.2 m ² | 7.2 m ² |
| Kitchen-minimum area | 4.5 m ² | 4.5 m ² |
| Living and dining rooms | Provided as one combined space or separately with adequate area according to internal layout. | Provided as one combined space or separately with adequate area according to internal layout. |
| Bathroom and toilet | Provided separately with minimum area of 1.8 m ² each. | Provided separately with minimum area of 1.8 m ² each. |
| Storage space and porch | Adequate provision for resident's comfort. | Adequate provision for resident's convenience and comfort. |
| Drying area | - | Adequate provision for each unit. |
| (*) Launderette facilities | | |

Note : (*) Must be provided according to the 'Guidelines for the provision of launderette facilities in multi-storey buildings' prepared by Local Government Department, Ministry of Housing and Local Government.

Source : Ministry Of Housing and Local Government, 2002

4.0 LOW COST HOUSING IN MALAYSIA

4.1 Concept Of Low Cost Housing

Low cost housing is defined according to its selling price of RM25,000 per unit. Ministry of Housing and Local Government has further laid down the following guidelines for this category of housing :

- i) The target group consists of household with monthly incomes not exceeding RM750
- ii) The type of houses may include flats, terrace or detached houses
- iii) The minimum design standard specifies a built-up area of 550-600 square feet, 2 bedrooms, a living-room, a kitchen and a bathroom

4.2 Low Cost Housing Policies

There is no national housing policy per se, but policies related to housing development are outlined in the various five-year Malaysia Plans and the Second Outline Perspective Plan (OPP2) (1991-2000). These policy statements are aimed at the attainment of social and macroeconomic objectives. In particular, a stated objective of the housing policy is to ensure that Malaysian, particularly the low income group, have greater access to adequate and affordable shelter and related facilities.

The federal government plays a prominent role in the low cost housing industry primarily through policy decreed which set out targets to be achieved by both the public and private sectors as well as incentives to facilitate the process. The federal government's policy with regard to low cost housing by the private sector can be summarized as follows :

i) 30% Low Cost Component

The policy requires all private housing developers of projects above a certain threshold to construct at least 30% low cost housing units. The threshold or minimum size of development which must provide the low cost component varies between states, each taking into account demand (or the lack of it) as well as lack of land in major urban areas.

ii) RM25 000 Selling Price Ceiling

Houses constructed under the low cost component can be sold only at a price not exceeding RM 25 000. This ceiling, set in 1982, has been a contentious issue for developers and consumers alike because the cost of construction of the low cost houses is typically higher than its selling price.

iii) RM750 Household Income

Buyers of the low cost units must have a combined household income not exceeding RM 750 per month. About 60% of urban households in Malaysia in 1980 fell within this income group (ie income less than or equal to RM750). The income level in Malaysia has however risen by about 3.1% per annum between 1970 and 1990 and the current labour shortage in all sectors of the economy has ensured that wages continue to enjoy an upward trend.

iv) Minimum Design Standards

The policy specifies that each low cost house must have a minimum built-up area of 550 to 600 sq ft comprising 2 bedrooms, a living room, a kitchen and a bathroom. The houses may be of any type including flats, terrace or even detached houses. Generally, developers have to opt for high density developments (such as flats or cluster houses) in order to achieve economies of scale or to reduce the amount of land used for the low cost component.

Even though federal policies do not specify density standards, the upper limit is typically constrained by a steep escalation in unit cost for buildings above five storey due to additional requirements for fire-fighting and lifts.

In an effort to improve the quality and range of housing and to accommodate social and cultural preferences, various states have initiated steps to include some 3 bedroom units in the low-cost schemes.

4.3 State Policies

Policies at the national level are general in nature and have to be translated into more detailed policies and strategies. At the state level the policies are embedded in the Structure Plans for each state. The plans are then translated into more detail in the Local Plans including specific requirements by the Local Authorities. The process of translating from the more general policies at the national level into detailed strategies and requirements at state and local authority levels is however not uniform, with promised benefits not given or additional conditions burdening the low cost housing industry at the local level. The local authorities may have adopted different standards based on local conditions. The details by state are summarized as follows :

i) Federal Territory of Kuala Lumpur

Development in the Federal Territory of Kuala Lumpur is under the jurisdiction of its City Hall, ie, Dewan Bandaraya Kuala Lumpur (DBKL). The guidelines have been issued by DBKL's Town Planning Committee which is responsible for planning and development administration with responsibilities to ensure that the Kuala Lumpur Structure Plan housing strategy is achieved. The special policies for low cost housing are:

- Every housing project of more than 5 acres should allocate 30% of the area for low cost housing

- The minimum size per unit of low cost house is 550 sq ft, it has 3 bedrooms and selling price of RM25 000 per unit
- Low cost houses should be sold through the Housing Management Department, DBKL
- The construction of the low cost houses should be started at the middle stage of the project. The developers are not allowed to slow down to build the low cost units

ii) Johor State

Policy for low cost housing in the state of Johor applies to development of more than 5 acre. The Johor State Government has imposed a condition requiring 40% of the total units in any housing scheme to be low cost housing, except in the case of the District of Johor Bahru where the low cost requirement is 30% while another 10% low-medium cost houses must be built. The cost of a 3-bedroom low cost house is RM25 000 while a low-medium cost house is RM50 000. The low cost housing price structure and target groups are summarized in the below table 4.0.

Table 4.0 : Housing Price Structure and Target Groups For State Of Johor

| Category | House Price Per Unit | Target Groups/Income per month |
|-----------------|----------------------|--------------------------------|
| Low Cost | RM 25 000 | Below RM 2,500 per month |
| Low Medium Cost | RM50 000 | RM 2,500 - RM 3,000 per month |
| Low Medium Cost | RM80 000/RM 90 000 | RM 3,000 - RM 4,500 per month |

Source : SUK, Johor State, 2008

4.4 Low Cost Housing Delivery System

Low cost housing development in Malaysia is undertaken by both the public and private sectors. The government’s commitment towards low cost housing started during the First Malaysia Plan while the private sector’s involvement was mooted in the Third Malaysia Plan when the government realized the need and importance of the role of the private sector in ensuring an adequate supply of low cost housing for the country. The importance of the private sector’s role and function has been increasing throughout the years, particularly with the

privatisation programmes implemented by the government for the development of the country as a whole.

4.4.1 Private Sector

In Malaysia, private sector housing consists of private developers, co-operative societies and individuals or groups of individuals. Private housing developers are actively involved in the production of high, medium and low-cost housing. They are governed by the Housing Developers (control and Licensing Act) 1966 (Amendment 1988) and the Housing Developers' Regulation (Control and Licensing) 1989. These legislation require them to obtain licences, advertising and sales permits from the Ministry of Housing and Local Government before undertaking any housing project.

According to the Housing Developer's (Control and Licencing) Act 1966, housing developers are defined '**as business developing and partly providing moneys for purchasing, more than four units of housing accommodation which will be or are erected by such development**'. Apart from private developers, private institutions are also involved in the provision of housing in Malaysia. But more recently, the role of the private developer was emphasized. Even though in the seventies, the government had given private developers the responsibility of supplying housing for the middle and higher-income groups, lately they have continuously been reminded of their social responsibility towards helping the government achieve its home-owning democracy objective.

Private sector participation has increased since the Fourth Malaysia Plan, when the government sought the co-operation of private developers in the provision of low cost housing. Specifically, the government has made it mandatory for developers to build at least 30% low cost houses in housing projects.

4.4.2 Public Sector

Under public sector, the public low-cost housing programmes are undertaken by the state and federal governments with the supervision and monitoring of the Ministry of Housing and Local Government. The governments are involved in the implementation of

- i) Public Low Cost Housing Programmes consisting of public low cost housing, site and services schemes and the housing loan scheme
- ii) Housing in Land and Regional Development Authority area
- iii) Government and Institutional Quarters
- iv) State Economic Development Corporation

The Public Low Cost Housing Programmes are undertaken by the state governments with the supervision and monitoring of the Ministry of Housing and Local Government. The federal government provides loans to the state governments to carry out the programmes through the Ministry of Housing and Local Government.

The State Economic Development Corporation (SEDC) and the Urban Development Authority (UDA) also play important roles in the supply of all types of houses in their respective states particularly within the urban areas. The provisions of housing in rural areas, particularly within the regional development areas, are undertaken by the respective Regional development Authorities (RDA). However, RDAs have spread their wings to urban areas such as the case of PERDA (the Penang Regional Development Authority) which is undertaking a joint venture development to create a mammoth township which will eventually link Butterworth and Bukit Mertajam into a major urban conurbation. The subject of this study is focused on the private sector's role in delivering low cost housing priced at not more than RM25 000.

5.0 LOW COST HOUSING PERFORMANCE

The performance of housing development programmes was encouraging with the number of houses constructed surpassing the Plan target. A total of 844,043 units were completed, as shown in Table 5.0. Of the total, 77.6 per cent was constructed by the private sector while the remaining by the public sector.

Table 5.0 : Public And Private Sector Housing Targets And Achievements, 2001-2005

| Programme | Housing for the Poor | | | Low-Cost | | | Low Medium-Cost | | | Medium-Cost | | | High-Cost | | | Total | | |
|--|----------------------|--------------------|-------------|----------------|------------------|--------------|-----------------|------------------|-------------|----------------|------------------|--------------|----------------|------------------|--------------|----------------|------------------|--------------|
| | Target (units) | Achieved (units) | % of Target | Target (units) | Achieved (units) | % of Target | Target (units) | Achieved (units) | % of Target | Target (units) | Achieved (units) | % of Target | Target (units) | Achieved (units) | % of Target | Target (Units) | Achieved (units) | % of Target |
| Public Sector | 16,000 | 10,016 | 62.6 | 192,000 | 103,219 | 53.8 | 37,300 | 22,826 | 61.2 | 46,700 | 30,098 | 64.4 | 20,000 | 22,510 | 112.6 | 312,000 | 188,669 | 60.5 |
| Low-cost Housing | - | - | - | 175,000 | 81,108 | 46.3 | - | - | - | - | - | - | - | - | - | 175,000 | 81,108 | 46.3 |
| Housing for the hardcore poor (PPRT) | 15,000 | 9,536 ¹ | 63.6 | - | - | - | - | - | - | - | - | - | - | - | - | 15,000 | 9,536 | 63.6 |
| Sites and Services | 1,000 | 480 | 48.0 | - | - | - | - | - | - | - | - | - | - | - | - | 1,000 | 480 | 48.0 |
| Housing by Commercial Agencies | - | - | - | 15,000 | 16,386 | 109.2 | 10,000 | 15,442 | 154.4 | 16,000 | 9,924 | 62.0 | 15,000 | 5,753 | 38.4 | 56,000 | 47,505 | 84.8 |
| Housing by Land Schemes | - | - | - | 2,000 | 5,725 | 286.3 | 1,000 | 695 | 69.5 | - | - | - | - | - | - | 3,000 | 6,420 | 214.0 |
| Institutional Quarters and Staff Accommodation | - | - | - | - | - | - | 26,300 | 6,689 | 25.4 | 30,700 | 20,174 | 65.7 | 5,000 | 16,757 | 335.1 | 62,000 | 43,620 | 70.4 |
| Private Sector | - | - | - | 40,000 | 97,294 | 243.2 | 94,000 | 61,084 | 65.0 | 64,000 | 222,023 | 346.9 | 105,000 | 274,973 | 261.9 | 303,000 | 655,374 | 216.3 |
| Private Developers | - | - | - | 39,000 | 94,029 | 241.1 | 90,000 | 53,607 | 59.6 | 60,000 | 215,267 | 358.8 | 100,000 | 269,320 | 269.3 | 289,000 | 632,223 | 218.8 |
| Cooperative Societies | - | - | - | 1,000 | 3,265 | 326.5 | 4,000 | 7,477 | 186.9 | 4,000 | 6,756 | 168.9 | 5,000 | 5,653 | 113.1 | 14,000 | 23,151 | 165.4 |
| Total | 16,000 | 10,016 | 62.6 | 232,000 | 200,513 | 86.4 | 131,300 | 83,910 | 63.9 | 110,700 | 252,121 | 227.8 | 125,000 | 297,483 | 238.0 | 615,000 | 844,043 | 137.2 |

Source: Ministry of Housing and Local Government
Notes: ¹ Excluding 13,037 units rehabilitated houses.

The overall performance of houses built under the low-cost housing category was encouraging with 200,513 units completed or 86.4 per cent of the Plan target. Of this total, 103,219 units or 51.5 per cent was constructed by the public sector including State Economic Development Corporations (SEDCs). To ensure an adequate supply of low-cost houses for the low-income group, any mixed-development projects undertaken by private developers, continued to be guided by the 30 per cent low-cost housing policy requirement. However, taking into account the situational demand for low-cost houses as well as addressing the issue of unsold units, some state governments made adjustments to the policy (9th Malaysia Plan, 2006-2010).

Under the Public Low-cost Housing Programme (PLHP) for the low income group, a total of 27,006 low-cost houses was constructed involving 70 projects during the Plan period. These projects were implemented by state governments through loans provided by the Federal Government and mainly concentrated in small towns and sub-urban areas. These houses were sold to eligible buyers registered under the computerized open registration system administered by the respective state governments. For cities and larger towns, the *Program Perumahan Rakyat Bersepadu* (PPRB) was implemented for the resettlement of squatters. Under this programme, 37,241 low-cost houses were completed and rented out to those eligible. Out of this total, 24,654 units were built in Wilayah Persekutuan Kuala Lumpur while 12,587 units in other major towns throughout the country.

6.0 CONCLUSION

During the Ninth Malaysia Plan period (2006-2010), priority will continue to be given to the provision of adequate, affordable and quality houses for all Malaysians in various income levels with emphasis on the low-income group and the poor. Efforts will be undertaken to improve the coverage and quality of urban services and encourage greater participation of the local community and the private sector in the management of their living environment. To ensure provision of better fire and rescue services, the capability of personnel will be enhanced through knowledge and skills development in fire safety and fire engineering.

In order to achieve government aims to provide adequate and decent housing for all as stated in Ninth Malaysia Plan, something needs to be done especially at the implementation level. Special attention must be given to low cost housing since majority of this country population are in this category. The need for National Housing Policy then become more crucial since the government should provide clear direction for housing development in this country in order to achieve develop nation status by the year 2020.

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