

THE CURRENT PRACTICES OF THE MALAYSIAN FORMAL LOW COST HOUSING PROVISION SYSTEM

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ABSTRACT

Housing provision is a tangible process of constructing and transferring a residence unit to its beneficiaries, its subsequent use and physical reproduction, and at the same time, a social process dominated by the economic interests involved. In order to understand housing provision further, we should not ignore the institutional and other structures within which it takes place neither shall we forget the social agencies actively engaged in such structures (Ball and Harloe, 1992). Housing development is undertaken by a variety of actors distinguished by their respective aims, status and roles (Fisher and Collins, 1999). Social agents are charged with creating and sustaining a particular set of housing conditions, costs and benefits (Ball and Harloe, 1992). low cost housing is one of the major efforts of the government to promote the welfare of the lower income groups (Endan, 1984). National formal housing provisioning program known as the Federal Land development Authority (FELDA) was developed and commenced operation. About 14 resettlement schemes were executed under FELDA (Rabieyah, 1978; Endan, 1984; Agus, 1997).

Keywords: Formal low cost housing, housing provision, modes, models and stakeholders

1.0 Introduction

A full supply of proper housing for low-income people is still an unresolved issue in many cities throughout the world, including Washington, D.C. Although this city may be considered better off than many other urban settlements, especially those in developing countries, it still struggles to house its poorer citizens appropriately. Authors and policymakers concerned with housing have frequently paid special attention to the problem of the low-income population, and in recent decades a substantial body of international literature on this theme has evolved. Current international thinking on low-income housing has been heavily influenced by neoliberal ideas advocating that governments should not be directly involved in provision (Kimm, 1987; LaNier, Oman, and Reeve 1987; Linn, 1983; Malpezzi, 1994; UNCHS, 1988; World Bank, 1993). Rather, governments should adopt the so-called “enabling approach,” supporting non-governmental stakeholders who, in turn, should be the primary actors in the provision of housing. Among such non-governmental stakeholders there is major emphasis on the private for-profit sector. The number of slum dwellers in the world has increased from 715 million in 1991 to 913 million in 2001, and to 998 million in 2005. Projections to 2020 suggest that the world will have up to 1.4 billion slum dwellers. Certainly, if the number of slum dwellers is increasing annually, it seems rather that best practiced housing policy is still deficient (UNHDP 2006, p. 16).

1.1 Concept of Housing

The term housing is very important in this study. Housing is a universal word having many synonyms such as home, shelter, dwelling, accommodation, messuage, maisonette, etc. People the world over have known housing in their own version or perspective. Housing in English when used as a noun, describes a commodity or product. When used as a verb, it describes the process or activities involved in housing. The Oxford Advanced learner's Dictionary of Current English (1995) defines house as a building made for people to live in, and the second definition say housing is a building to live in or for something to be kept in. Both definitions could be linked to the concept of housing provision delivered either individual, public or private providers. It also defines shelter as providing somebody or something with protection from the weather, danger, etc. Similarly, it defines home as the place where one lives, especially with ones family. Regarding house definition, Wikipedia Encyclopaedia (2005), defines house as a human built dwelling with enclosing walls and a roof. It provides shelter against precipitation, wind, heat, cold and intruding animals and humans. When occupied as a routine dwelling for humans, a house is called a home. People may be away from home most of the day for work and recreation, but usually are at home at least for sleeping (Wikipedia Encyclopaedia, 2005).

In the Malaysian context, however, housing is integrated with the word housing accommodation. The argument about housing as amended, went through the process of the Houses of Parliament in October 2001 and received the Royal Assent on January 2002 under the Housing Developers (Control and Licensing)(Amendment) Bill, 2001 (2003). This Act has added the word 'Accommodation' to the housing definition to be more specific for homebuyers and take into account all the building, tenement or messuage. Housing accommodation is interpreted under part 1, section 3, Housing Development (Control and Licensing) Act 1966 (Act 118) and Regulations as "including any building, tenement or messuage which is wholly or principally constructed, adapted or intended for human habitation, or, partly for human habitation and partly for business premises, but does not include an accommodation erected on any land designated for or approved for commercial development". This definition is acceptable to be used as the recent legal term for the word 'Housing' in Malaysia and it is also concerned about housebuyers protection. Deliberately, Habitat Agenda (1996) came out of the Habitat II conference in Istanbul and Turkey, adopted by 171 countries, paragraph 60 of the Habitat Agenda defined 'house' from the perspective of its users. It combined the word 'shelter' with the word 'adequate' and read 'adequate shelter'. Therefore, Adequate shelter means:

'more than a roof over one's head. It further means adequate privacy; adequate space; physical accessibility; security of tenure; adequate security; structural stability and durability; adequate lighting; heating and ventilation; adequate basic infrastructure; such as water supply, sanitation and waste management facilities; suitable environmental quality and health related factors; adequate and accessible location with regard to work and basic facilities all of which should be available at an affordable cost. Adequacy should be determined together with the people concerned, bearing in mind the prospect for gradual development. Adequacy often varies from country to country, since it depends on specific cultural, social, environmental and economic factors. Gender specific and age specific factors such as the exposure of children and women to toxic substances, should be considered in this context'.

This definition is equally appropriate for the context of provisioning a house to shelter human beings. However, it must also complement the seven aspects that form the integral component of human rights to acquire adequate housing including legal security of tenure, availability of service, material, facilities and infrastructure, affordability, habitability, accessibility, location, cultural adequacy as defined by the United Nations Committee on Economic, Social and Cultural Rights in 1991 (UN Habitat, 2002). Based

on this international standard on the right to adequate housing, it depicts that these seven components should be considered before developing a framework of *structure* and *agents* strategies, interest, and actions in the delivery of housing provision. In the process of providing housing to the nation, all the agents or stakeholders should be aware that there is a need to protect the human rights as well as the purchaser's protection as an ultimate user.

1.2 Concept of Housing Policy

The term 'housing policy' is used differently for various activities. Policy means Plan of action, statement of aim and ideas, especially one made by a Government, political party, business company, etc. It also means a written statement of the terms of a contract of insurance, fire insurance, etc. (Advanced Learners Dictionary of Current English). Policy is notoriously difficult to define with any precision (Hill and Bramley, 1986). The term however is used to describe those parameters shaping acts and strategic moves that direct an organization's critical resources towards perceived opportunities in a changing environment (Bauer and Gergen, 1968). Policy is designed to give direction, coherence and continuity to the courses of actions (Lichfield, 1978). Housing policy can be defined in terms of measures designed to modify the quality, quantity, price and ownership and control of housing (Malpass and Murie, 1994). Housing policy is the implementation mechanisms to make a fundamental switch from a concern about housing as an output to housing inputs (Van Hyuck, 1986). In terms of government responsibilities in delivering adequate shelter, paragraph 61 of the Habitat Agenda (1996) cited as follows: *"All governments without exception have a responsibility in the shelter sector, as exemplified by their creation of ministries of housing and agencies, by their allocation of funds for the housing sector, and by their policies, programs and projects. The provision of adequate housing for everyone requires action not only by governments, but by all sectors of the society including the private sectors, non-governmental organizations, communities and local authorities, as well as partner organizations and entities of the international community. Within the overall context of the enabling approach, Government should take appropriate actions in order to promote, protect and ensure the full and progressive realization of the right to adequate housing"*.

1.3 Concept of Low Cost Housing

Affordable housing means the need for assistance to lower income household employed (Berry, et.al, 2004). Universal Declaration of Human Rights declared that: *"Everyone has right to a standard of living adequate for health and wellbeing of himself and his family, including food, clothing, housing and medical care and necessary social services"* (UN-HABITAT, 2002). In the UK housing policy context, in their statement in their White Paper: Fair Deal for Housing in 1971, policy aimed to achieve a *"Decent home for every family at a price within their means"*. However, the Department of Environment, Transport and Regions (DETR, 2000), defined Affordable Housing as follows: *"Affordable housing can be classified as a social housing at typically low, sub market rents and can also include other forms of sub market housing such as intermediate rent and low cost ownership such as shared ownership"*. The Department of Environment, Transport and Regions (DETR, 2000), also, defined Policies for Affordable Housing in their Green Paper (DETR, 2000) as follows: *"Policies for affordable housing must cater for a range of needs; for people whose incomes are well below the levels required for sustainable homeownership and who are likely to need to rent their homes on a long term basis; for people who aspire to homeownership but can only afford properties in lower prices range; and for people with special needs who may require both subsidized accommodation and appropriate support in order to live in it successfully..."*. Low cost housing is defined according to its selling price of RM25, 000 per unit.

Ministry of Housing and Local Government (1998) has further laid down the following guidelines for this Category of housing:

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

Affordability is defined as being able to pay without suffering financial hitches. Things are considered unaffordable even when income can afford the cost of the item; affordability is not an inherent characteristic of housing, but a relationship between income and relative prices (Stone, 1994 p.21). Glaser &Gyourko (2003) states that the ability to pay measure confuses poverty with housing prices, and that income should form no part of affordability considerations. Ability to pay is a crucial element of housing affordability, when we refer to the affordability of an item; we are usually talking about the amount of financial stress that the purchase would place on the buyer. There are two ways to consider this financial stress. Firstly, how much of our income is going on this purchase. Secondly, how much income do we have left over for other commodities. These measures can be applied to housing just as easily as any other good. Affordability can generally be thought of as a range, which is itself a relationship between income and relative prices. There is difference between the concepts of affordability as it applies to housing and as it applies to other goods. The Malaysian government is still trying to take further steps by all means to ensure the full and progressive realization of its development plans. Affordable housing, however, is a housing unit which is within the reach or capability of people in the various income groups (Goh, 1992).

The lower household income invariably means lower affordability of the housing units. The cost of houses and hence, their affordability is a matter that involved all the parties in the housing arena irrespective of whether they are public or private (Chiang Kok, 1991). Affordable housing for the low income groups must be viewed as an integral part of an integrated housing and community development (Kribanandan, 1994). Various elements must be taken into account before providing affordable house to the low income groups, especially as follows:

- Government's roles as the facilitator
- Building design and construction methods
- Culture, value system and socio political elements
- Physical environmental elements and comfort levels
- Health, safety and security measures
- Income generating activities
- Long term maintenance requirements
- Replaceability of components of the structure
- Delivery and financing system
- Statement layout and infrastructure
- Appropriate materials

(Source: Kribanandan, 1994).

Affordability inevitably involves the cost of housing unit, its quality, household income and non-housing necessities after meeting the housing expenditure (Eddie, 2001). Standards of utility and infrastructure had to relate to low income household realities where some 65-85% of spending was allocated to food and substance (Pugh, 2001).

2.0 Concept of Housing Provision

The term 'provision' is defined by the Oxford Advanced Learner's Dictionary of Current English (1995) as "...the giving or lending of something to somebody or preparation that is made to meet future needs or in case something happens". The term refers not only to indicating the process of housing production, but it refers to the entire process of housing production, exchange and consumption (Ball and Harloe, 1992; Tsenkova, 1998). Housing provision involves a physical process of creating and transferring a dwelling unit to its occupiers, its subsequent use and physical reproduction, and at the same time, a social process dominated by the economic interests involved. In order to understand housing provision further, we should not ignore the institutional and other structures within which it takes place neither shall we forget the social agencies actively engaged in such structures (Ball and Harloe, 1992). Structure is "...*the way in which something is organised*" (Oxford Advanced Learner's Dictionary of Current English 1995) . The Dictionary of Sociology (1998) defines structure as "...a term loosely applied to any recurring pattern of social behavior, or more specifically, to the ordered interrelationships between the different elements of the social system or society". The theory of structuration developed by the British social theorist, Anthony Giddens is related to this theory which he believed that structures are not something external to social actors, but are rules and resources produced and reproduced by actors in their practices.

Structure shapes people's practices, but these constitute and reproduce social systems in a society. The latter means "...*a group of people who share a common culture, occupy a particular territorial area, and feel themselves to constitute a unified and distinct entity*" (Dictionary of Sociology, 1998). In the Giddens context, structures are not something external to social actors, but are rules and resources produced and reproduced by actors and or stakeholders in their practices. He further argued that structures and agencies cannot be conceived differently. Structures are neither independent of actors nor determining of their behaviours. But they are rather set of rules and competencies on which actors draw, and which in the aggregate, they tend to reproduce over time.

Amusingly, stakeholders or actors in this context are the social agents interacting in the social process of housing provision. The latter created a relationship between strategies, interest and actions of the various agents involved in the development process, investors, developers, consultants, public agency planning officers, politicians and community groups, and the organization of both economic and political activity, land values, property, buildings and environments of this process to frame their structures for decision making (Healey and Barrett, 1990). Some scholars in the housing sector refer to these agents as actors for the development process (Fisher and Collins, 1999). Housing development is undertaken by a variety of actors distinguished by their respective aims, status and roles (Fisher and Collins, 1999). Social agents are charged with creating and sustaining a particular set of housing conditions, costs and benefits (Ball and Harloe, 1992). Ball (1986) came out with his Structural Housing Provision (SHP) approach which connotes that: "*A structure of housing provision describes a historically given process of providing and reproducing the physical entity of housing, focussing on the social agents essential to that process and the relation between them*". He argued that the production and consumption of buildings are not only the physical process of creating and transferring such artifacts to their occupiers, but also a social process dominated by the economic interests involved (Gore and Nicholson, 1991).

3.0 Modes of Formal Low Cost Housing Provision

Mode of housing provision is the system or processes through which such provision is achieved (Keivani and Werna, 2001). These modes emerged from the interaction of structure and agents in housing development process. It is derived from the notion that there are combinations of social agents involved in

housing provision that relate to each other in empirically observable ways (Dickens et. al., 1985; Ball and Harloe, 1992; Tsenkova, 1998). Within the overall socio economic, political and cultural structure of housing provision in developing countries, a bi-polar sub-division of conventional/unconventional or formal/informal structures or modes of housing provision can be identified (Keivani and Werna, 2001). Based on a typology of housing provision in developing countries developed by Drakakis Smith (1981), a conceptual model of formal mode of housing provision in developing countries can be subdivided into three main structures (see figure 1 below): The formal mode of housing provision represents housing that is produced through the official channels of recognized institutions, e.g planning authorities, banks, building and land development companies, and observing formal legal practices, building standards and landuse and subdivision regulations. In contrast, however, the informal mode of housing provision represents those housing units which are usually produced or constructed outside the official channels without official development permits and do not conform to landuse and subdivision regulations (Keivani and Werna, 2001; Drakakis smith, 1998). Malaysia is committed to providing adequate and affordable housing for its population. This can be seen in announcements made by its political leaders and the government annual budgets and the development plans. Public and private housing programs must be allocated to the real needs of all income groups, particularly the low income earners as one of the values of housing policy. In Malaysia, public and private developers are the stakeholders responsible for providing for the nation. In each development plan, government has specified various types of formal housing programs to be delivered by the stakeholders.

4.0 Stakeholders in formal low cost housing provision in Malaysia

In the Pre Independence period (1950 – 1954), that is during the colonial administration, formal housing mode was delivered by the British Government under the divide and rule policies. Most of the houses were developed for the British employees (Agus, 1997). The British administration has provided houses for their employees in public institutions like schools, police stations, hospitals and district offices (Soo Hai and Hamzah Sendut, 1979). Public agency through Housing Trust provided rural public low cost housing programs in 1950. The trust did not provide any loan and all transaction had to be paid in full either in cash or through loans provided by institutions such as Malaya Borneo Building Society (MBBS), (Endan, 1984). About 937 housing units has been targeted during the period, but only about 311 or 33.2% housing units were completed (Federation of Malaya, 1956), although it was realized that 30 000 units of housing were required annually for the country, and 95% should be for the low income groups (Endan, 1984; Agus, 1986). During this period, Government also provided housing for the resettlement of the chinese residents (Communist sympathisers and supporters) in the 550 New Villages for 650 000 people between 1946 – 1957 (Sandhu, 1964; Rabieyah, 1978; Endan, 1984; Agus, 1986). Government role in housing can be summarized as adhoc in nature (Endan, 1984). The houses provided in the new villages solved some of the housing problems (Rabieyah, 1978). The housing programs were carried out in response to a particular problem rather than on a planned, coordinated and comprehensive basis (Yusuff, 1993).

During the first and second Malaya plan (1956 – 1965), government was more concerned with the provision of houses for its employees. Low cost housing was given only low priority. In the second plan , however, it was stated that the government will assist in large measure in the provision of housing and to provide more adequately for rural and urban utilities (Federation of Malaya, 1961). The Ministry of Housing and Local Government (MHLG) was set up in 1964 (Endan, 1984; Abdulkadir et.al, 2005). National formal housing provisioning program known as the Federal Land development Authority (FELDA) was developed and commenced operation. About 14 resettlement schemes were executed under FELDA (Rabieyah, 1978; Endan, 1984; Agus, 1997). The government public sector supplied 10% low

cost houses while the private sector housing development supplied 90% low cost houses (Yusuff, 1993). In the first Malaysian plan (1966-1970), low cost housing is one of the major efforts of the government to promote the welfare of the lower income groups (Endan, 1984). The government was coaxing the private sector to complement the public sector in its effort to providing low cost housing. To attract the private developers, the government mentioned that it will encourage and give assistance to the private developers (Yusuff, 1993). Government intervention in the housing market at this period was focus on the low cost housing to meet the needs of the poor, especially the Malays, who are considered as Bumiputera (indigeneous people of Malaysia) (Rehda, 2002). During the same period, Housing Trust also initiated a 'crash program' to build 5 000 units in about 100 towns (Yusuff, 1993). Under this plan, 21 790 units were completed of the total 30 000 units planned (Endan, 1984). To encourage participation by the private sector developers, the late Prime Minister, Tun Abdul Razak, said. *"The needs for housing of all types are admittedly very great and the government's effort will be directed to alleviating the shortages experienced among the lower income groups, where the needs cannot or are not being met by private housing developers. Nevertheless, the efforts in the private sectors are praiseworthy and it is my hope that property developers will also look to the needs of the lower income groups and in this way, complement the activities of the government in providing low cost houses"*. Housing Developers (Control and Licensing) Act 1966 came into effect and requires developers to register with MHLG. Section 7(1) requires that a developer shall submit biannual reports to Ministries Licensing Division, detailing planned and completed housing schemes (Johnstone, 1980).

In the second Malaysia plan (1971-1975), for the whole period, 259 810 houses were built by the public and the private sector (Yusuff, 1993). Also, the summary of the official national housing statistics indicates that a total of 260 000 housing units were constructed, of which over 67% came from the private sector (Johnstone, 1980). In the third plan (1976-1980), some factors contributed to the housing performance such as coordinating implementation between housing agencies, urging private developers to play more active role in housing, stressing the importance of physical planning in housing development, encouraging industrialists to build houses for their workers and ensuring adequate supply of building materials (Yusuff, 1993). The government targetted 482 800 units including 220 800 units by the public sector and 58.5% as low income units. A total of 262 000 units were developed by the private sector (Endan, 1984). The actual completed units by the public and private developers were 121 510 and 362 680 units respectively (National Housing Department, 2001). In the fourth plan (1981-1985), housing schemes delivered by the public sectors included public low cost housing scheme, government agencies and regional development authorities housing program, etc. Both public and private sectors participated actively in the provision of low income housing programs (Agus, 1997).

There was the implementation of the concept of low cost housing consisting of the following characteristics:

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

Low cost housing is vested with the MHLG (Monerasinghe, 1985). Public housing schemes undertaken by the state and Federal Territory constituted 44% of the public sector program. Government ensured that 30-50% of the units in all proposed housing projects be low cost housing (Yusuff, 1993). Low cost housing units were rented for a period of 10 years with the option to purchase same at the end of the period. Out of the targeted 1, 043, 300 housing units, 38% (398 570 units) had been allocated to be

delivered by the public sector while the remaining 62% (644 730) units by the private sector. The actual performance of the housing units delivered by public and private developers in this period was 190 045 and 524 730 respectively (National Housing Department, 2001). The fifth Malaysian plan (1986-1990) witnessed the provision of social facilities like schools, clinics and community halls and the provision of housing. Housing schemes delivered by public sectors included public low cost housing scheme, housing in land schemes, institutional quarters and commercial agencies. Private sector housing development developed housing units, other housing cooperative societies and individual and groups (Monerasinghe, 1985). In this period, however, 701 500 units were required. Private sector was expected to construct about 552 500 units, public sector was expected to develop 21% or 149 000 units. A total of about 97 126 and 203 802 units were respectively achieved (National Housing Department, 2001). The sixth plan outlined strategies to build sufficient number of housing units and develop the housing industry. The strategies were to subsidised housing for the very poor, low interest housing loans, intensifying research and development activities (Housing Statistics Bulletin, 1995). Housing policies here was geared towards the attainment of the objectives of the National Development Plan (1991-2000) (Agus, 1997). Development here include the provision of socio economic amenities and infrastructure such as schools, clinics, sports facilities, recreation centres, worship places, shops and markets. In line with this, 573 000 were planned to be developed by both sectors with overwhelming emphasis on low cost houses. About 60% of the houses were low cost houses and 84 542 and 562 918 units were respectively achieved by both sectors (National Housing Department, 2001).

In the seventh plan (1996-2000), 800 000 units were planned to be developed, a total of 859 480 units were achieved at the end of the plan period (107.4%). The private sector targetted 570 000 units, and completed 737 856, about 129.4% achievement. In the low cost category, both sectors developed 190 597 or 95% of the target. Government launched several strategies to accelerate the implementation of housing programs such as the Low Cost Housing revolving Fund (LCHRF). Malaysia Housing Corporation established in 1997 was responsible for coordinating and implementing all low cost housing funds on behalf of the public sector and the abandoned projects. At the end of the plan period, 3,294 units of low cost houses, 360 units of low-medium cost, 1,299 of medium cost and 542 units of high cost was financed by the LCHRF to the private sector. Since inception, Malaysia Housing Corporation signed RM732.8 for the construction of 50,725 units of low and medium cost houses. The eight Malaysia plan, housing schemes delivered included Public Low Cost Housing (PLCH), Housing by land schemes and institutional quarters, Housing rehabilitation, Site and services, etc. A total of 615 000 units were targetted, 312 000 to be built by the public sector while 303 000 by the private sector. At the end of the plan period, 461 972 or 75.1% were completed. 339 854 73.6% were built by the private sector while the remaining by the public sector. The Housing Developers (Control and Licensing Act) 1966 was amended in 2002 to provide better protection for both house buyers and developers and ensure proper development of the housing industry. The amendment give emphasis to timely completion and enabled the establishment of the Tribunal for Homebuyer Claims. The Ninth Malaysian Plan (2006-2010), was stable to build a country with an advanced economy, balanced social development and a population which is united, cultured, honorable, skilled, progressive and far-sighted. To deliver this plan, efforts were doubled towards achieving greater success in order to build a development that will elevate the nation's welfare and dignity. Accordingly, the Tenth Malaysia Plan (2011-2015), houses the aspirations of both the Government Transformation Programs and the New Economic Model, premised on high income, inclusiveness and sustainability. It dictates and charts the development of the nation for the next five years, anchored on delivering the desired outcomes for all Malaysians. The plan contains new policy directions, strategies and programs that shall enable the country to emerge as a high-income nation. The development programs were tuned to six National Key Results Areas, outlined in the Government Transformation Program, the National Key Economic program Areas of the Economic Transformation

Program and the strategic economic reforms in the New Economic Model. The Plan details strategies for the Government as a regulator and a catalyst while upholding the principle of 1 Malaysia: People First, Performance Now (Ezenya, C.A. 2004). Figure 5 gives the formal modes of housing provision in Malaysia by both the private and the public sector developers since the colonial administration.

5.0 Performances of the stakeholders and achievements of the Malaysian housing policy plans

Until mid 1980s the government still failed to overcome most of housing issues particularly for the low income people (Agus, 1986, p.1). To overcome the problem, in 1981 Malaysian government implemented policy in which makes it compulsory to private housing developers to allocate at least 30% low cost houses in their housing projects at the ceiling price of RM25,000 per unit regardless of projects location. The targeted for people with household income less than RM750 per month. The policy implementation marked a significant change in low income housing provision in Malaysia. Three ideological justifications were officially given by government as follows (Sirat et al. 1999, p. 75):

- Government recognition that the private sector housing industry has attained maturity and that it has the efficiency, capability and capacity to be dominant producers of adequate and affordable homes for the community.
- To achieve economic of scale, the private sector should be able to come up with more innovative designs and technologies.
- Private sector participation would allay any accusation of the government posing unfair competition through its own involvement in housing.

In June 1998, the federal government introduced the new policy for low cost housing . This revision was done by based on the study conducted by the Ministry of Housing and Local Government Malaysia in 1998 after considering the increased construction and land cost. The guideline also includes regulation to stop low cost house buyers from selling the house within 10 years after purchase. Nevertheless, the 30% low cost houses quota in every housing development projects still remained. Within 35 years period 1971 to 2005) a total of 1,047,861 units of low cost houses were built by public and private sectors in Malaysia. Nevertheless, the figure only represents 55% from the total number of low cost houses planned to be developed by government. Thus, the achievement of public and private sector in low income housing provision in Malaysia still not satisfactory despite numerous programs initiated by government and regulations imposed to private sector to build low cost houses. In developing countries, government is the ultimate source of providing housing for the urban poor (Drakakis-Smith, 1981). The public sector is that part of the economic administration that deals with the delivery of goods and services by and for the government, whether national, regional or local (municipal). The term ‘public service’ is used to mean services provided by the government to its citizens either directly (through the public sector) or by financing private provision of the services (Wikipedia Encyclopedia, 2005). It was stressed that the government should take appropriate action as exemplified by their creation of ministries of housing agencies, their allocation of funds for the housing sector, and by their policies, programs and projects (UN Habitat, Istanbul, 1996). This session also believed that the provision of adequate housing for everyone requires governmental actions and all sectors of the society including private sector, nongovernmental organizations, communities and local authorities, as well as the partner organizations and entities of the international communities. De-emphasizing the public sector role in housing construction and moving this responsibility to the private sector can increase the efficiency of the housing policies (Van Hyuck, 1986). Many case studies opined that it is increasingly recognized that government are spending resources on programs in the housing sector to provide housing for its citizens particularly the low income groups (Abdullah and Einseidel, 1997).

Similarly, in some developing countries, the share of public housing provision has only been around 10% of the total housing stock (Okpala, 1992). Keivani and Werna (2001) rightly observed that, various housing ministries and organizations have been largely responsible for policy formulation only, implementation and strategic management rather than actual production and consultancy work so that most of the physical process of housing development has been delivered by the private sector. Several reasons cause these erratic responsibilities such as pressure of greater responsibility, bureaucracy and preferences to focus on the design and management of public infrastructure projects in the public sector (Keivani and Werna, 2001). Government needs to spend more on defining regulatory framework and finance policies (Abdullah and Einseidel, 1997). Government trying to create relationship with the private sector which is mutually beneficial to receive something in return (Billand, 1993). The Malaysian plans show the government commitment and responsibility and focus of attention. The initial focus was to develop houses for their employees and the low income groups. Public agencies during the colonial administration developed 100% housing programs. The government involved the private sector for housing the nation since the implementation of the first and second Malaya plan. Housing loans for private sector developers was provided by the MBBS. Housing target in the first Malaysian plan was to develop 150 000 units, while in the second plan, public sector developed 86 076 units, private sector developed 173 734 units. In the third plan, government urged the private sector to play more role and the latter developed housing units beyond the plan target. Performance of the private and public developers in the fourth plan was 524 730 and 190 045 units respectively. In the fifth plan, the performance was 97 126 and 203 802 units for the public and private developers respectively (National Housing Department, 2001). The Prime Minister for encouraging the private sector stated as follows:

“Government the world over is notorious for inefficiency when running enterprises, even aided by monopoly and the authority of government. The private sector is better motivated and generally more efficient. It is hoped that privatization will improve the economic and general performance of the services, resulting in a more rapid growth of the nation as a whole”. Malaysian government launched privatization and incorporated policy to encourage private sector in developing the nation. Government believed to achieve the following objectives:

- To reduce government financial burden
- To improve productivity and efficiency
- To improve economic development
- To distribute national resources
- To speed up the NEP objectives

Sequel to the foregoing, just a decade after the privatization and policy incorporation, and the performances of the private developers has shown their effectiveness in achieving the housing targets. Figure 9 and 10 shows the performances of both public and private developers in Malaysia. The table below show the percentage performances of both public and private developers in Malaysia.

6.0 Malaysian formal housing provision models

The excelled Malaysian formal housing provision models for adoption into the Nigerian formal housing provision schemes. The public sector housing developers in Malaysia, provide the following sets of housing in the respective order to the Malaysians who are the substantive beneficiaries of the whole scheme.

6.1 New Housing Provision Model and Urban Regeneration in Vienna/Armsterdam, Europe

The conceptual framework model (Figure 9) complements the quantitative approach with a strong qualitative analysis of policy content, institutional arrangements for implementation, targeting and results.

It is designed to explore the relationship between housing policies and the system of new social housing provision. The emphasis is on the mixture of housing policy instruments implemented to promote the production of new social housing.

6.2 Basic framework of different components of the proposed model for formal housing provision

Housing reform in the case of Shanghai, Urban Policy (Figure 10), the core concept of housing in the model is analytically broken into three parts following the concept of Kemeny (1992); i.e. household, dwelling and locality. Figure 10 develops a linkage between those components. The housing affordability is not only related to household but also have relation with dwelling and locality in different aspects. In the basic framework of the proposed model, in terms of affordability, it shows the affiliation between household and dwelling is related to household income and housing price or rent. The dwelling and locality is related to affordability through infrastructure and community facilities, and the locality related to household with tenants' choice and quality of housing. The whole process is closely associated to determine household affordability. The relationship among the components is analyzed under housing provision system and the main forces of this system are state and market. The different stakeholders which intervene in the housing provision are state, market and households. The role of state and market has varied under different market mechanism with relevance to different economic system. The model is considered on the basis of housing provision, which is categorised into three different stages: Development, Construction and Consumption. The whole housing provision process has been categorised by different stages like development, construction and consumption, through each stage all houses will move from initiation to demolition (Doling, 1999; Ambrose, 1992). The relationship within affordability and different stakeholders of the proposed model tries to propose the role of state, market and household towards affordability. It shows the lower income groups and a portion of middle income groups that has created housing need, on the other hand better off middle income and upper income groups create housing demand. The model is proposed that the state intervention should focus on housing need and home ownership should be the concern of market forces.

7.0 Conclusion

This study uncovers that the Malaysian formal low cost housing provision has greatly excelled with achievements usually beyond the plan targets. It shall be concluded that the policy plans with the recommended number of low cost housing units to be constructed is just a mere guide for the minimum in what ever case, the actual target is always not the figure captured in the policy plan. The performance of the private sector developers have greatly surpassed that of the public sector developers. However, both the public and the private sector developers have shown overwhelming commitment in their strives for the provision of formal low cost houses, of course with the vehement assistance and commitment of the Malaysian government. The government also succeeded in assisting a large measure of strategies to strongly assured that low cost houses were delivered in each development plan at least up to the target spelt out in the plan. Respective housing schemes have been evolved and accordingly succeeded. Though the performances of both the public and private sector developers have changed drastically over the years in the positive direction.

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Table 1. Basic framework Instruments for Housing Provision

S/n	Income Level	Instrument Available	Type of Housing Unit
1.	Above – Average	Mortgage facility	Owner – Occupier
2.	Middle – Income	Building Saving Scheme	Rented Flats
3.	Low – Income	Non-profit Housing Scheme	Municipal Flats
4.	Low-income on peripheries	Ministry for Rural Development	Municipal Flats

(Source: Ministry of Housing and Local Government, 1998)

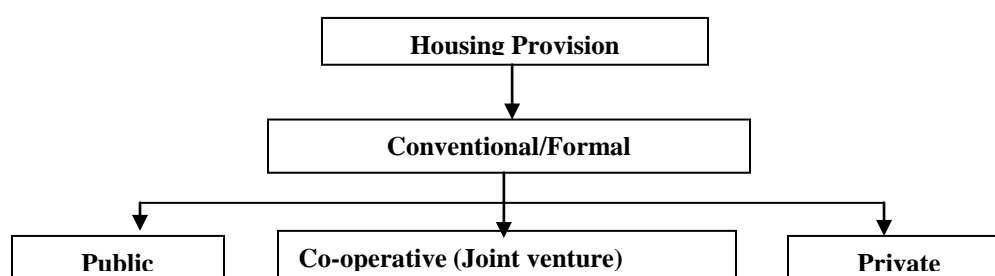


Figure 1. A conceptual model of formal housing provision

(Source: Drakakis – Smith, 1981)

Table 2. Modes of formal housing provision in developing countries

Government Housing Provision	Private Sector Housing Provision	Public/Private Joint Venture Schemes
Direct government housing provision	Formal private housing development by individual owner occupier	Public/Private Joint Venture Schemes
Indirect government housing provision Site and services Settlement upgrading Co-operative housing	Commercial formal private housing development Joint venture between small scale developers and land owners Developer community co-operation	

(Source: Keivani and Werna, 2004)

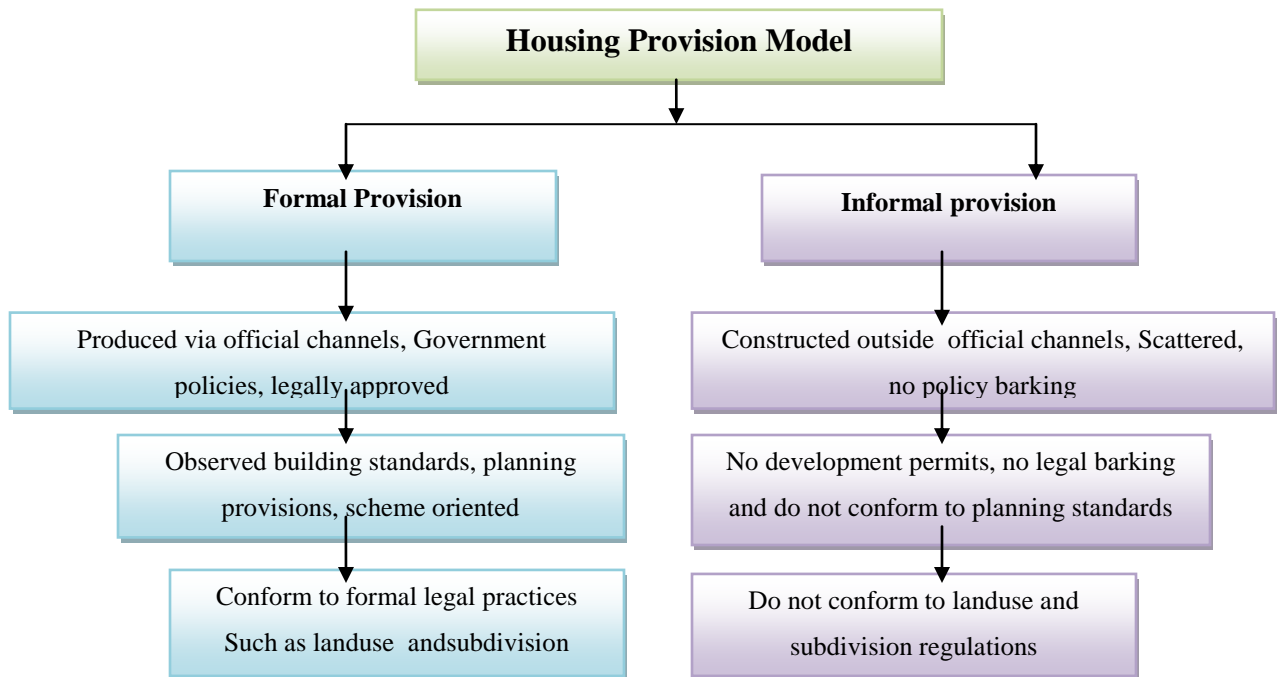


Figure 2. Housing Provision Model

(Source: Keivani and Werna, 2001; Drakakis smith, 1998)

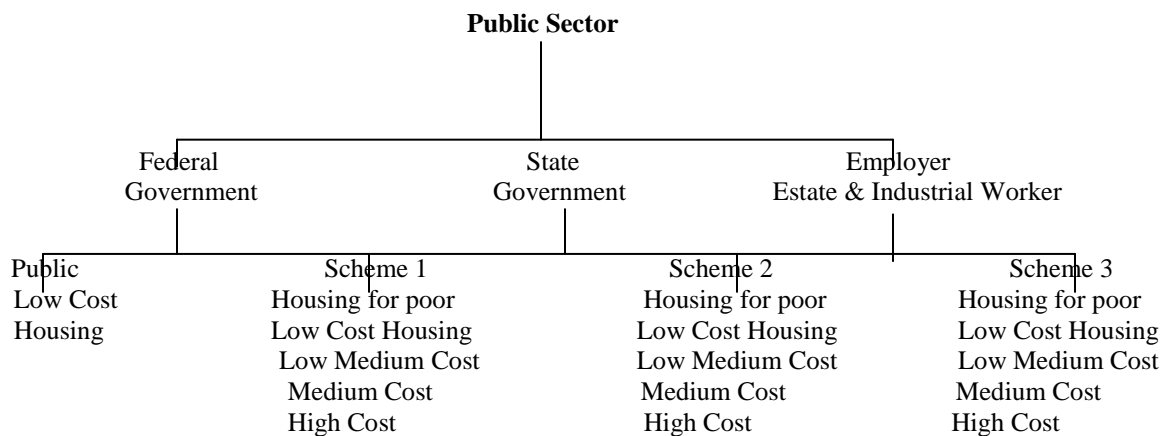


Figure 3. Formal modes of housing provision in Malaysia by the public sector developers since the colonial administration.

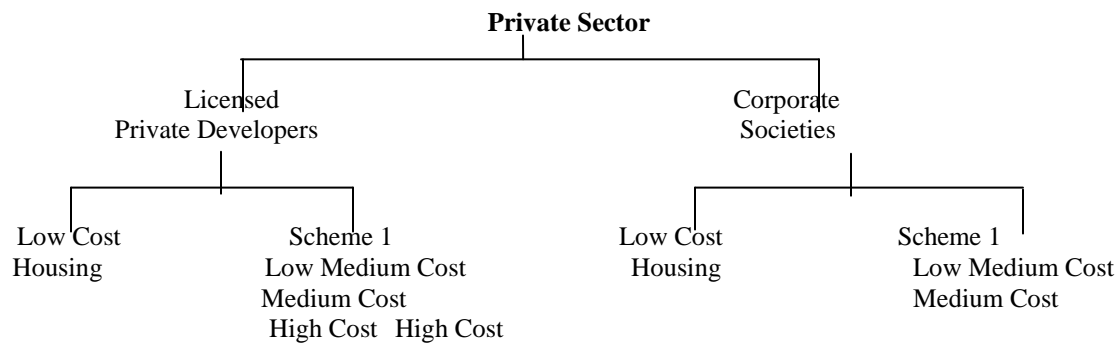


Figure 4. Formal modes of housing provision in Malaysia by the private sector developers since the colonial administration.

Table 3. Types of Formal modes of Housing Provision in Malaysia

S/n	Plan Period	Public Sector	Private sector
1.	Pre-independence & Colonial administration	Formal housing mode was delivered by British Govt. under 'divide and rule' policies to their employees. Housing Trust played roles to provide rural public low cost housing program and resettlement residents program. Houses sold at cost price including cost of infrastructures. 95.1% units were for the low income groups.	There is no precise information regarding formal housing provision from this sector.
2.	First & second Malaya Plan (1956-1964)	Action here was to produce more low cost housing units through Housing Trust. Govt. concerned was to provide housing for their employees, hence low cost housing received less priority. Govt. build houses for rent and sale too. Govt. spend 70 million for low cost and employee housing.	MBBS started giving loans for private sector housing development. 90% houses built for private sector including individual units.
3.	First Malaysia Plan (1965-1970)	Formal & structured housing programs commenced. 5 year development plans introduced. LCH is the major area of concern. Housing Trust initiated a crash program before General election in 1969.	Private sector developers begun to develop properties in cooperation with state governments. They complement public sector to provide low cost housing. Housing developers (Control & Licensing) Act 1966 came into effect and requires developers to register with MHLG.
4.	Second Malaysia Plan (1971-1975)	Housing Trust was dissolved, responsibilities was given to State governments. Public housing scheme was launched. Low income applicants selected by FELDA were resettled in agricultural land scheme. Site and services approach was recommended by the World Bank. Core housing concept was also introduced.	Corporate societies started to deliver housing units. Private sector concentrates on middle and higher income housing. 30% units must be allocated to the Bumiputera subject to 15% discount in some areas.

5.	Third Malaysia Plan (1976-1980)	Public Housing Schemes Federal Agencies & Regional Development Public Housing programs Institutional & Staff Accommodation Scheme Sarawak/Sabah Land Development Boards State Economic Development Cooperation (SEDCs) commercial housing program SEDCs own funded/joint venture projects	Housing development here also increased Private developers Cooperative society Individual & Groups 30% units must be allocated to the Bumiputera subject to 15% discount in some areas
6.	Fourth Malaysian Plan (1981-1985)	Low cost housing introduced for implementation by both sectors Public housing schemes Government agencies and regional development authorities housing schemes Medium and high price housing program Institutional & Staff Accommodation Scheme	Private sector housing construction increased Private developers Cooperative society Individual & Groups 30-50% units must be allocated to the Bumiputera
7.	Fifth Malaysian Plan (1986-1990)	Housing rented for 10 years and purchase thereafter. Housing schemes delivered here included: Public low cost housing scheme Housing in land schemes Institutional quarters Commercial agencies	Private sector housing construction increased Private developers Cooperative society Individual & Groups 30-50% units must be allocated to the Bumiputera
8.	Sixth Malaysian Plan (1991-1995)	Housing schemes delivered here included: Public low cost housing (PLCH) Site & services housing schemes Housing loan schemes (HLS) Housing under land & regional development Institutional & Staff Accommodation Scheme Economic development agencies housing programs	Private sector housing construction increased Licensed private developers housing Special low cost housing program Cooperative society Individual & Groups 30-50% units must be allocated to the Bumiputera
9.	Seventh Malaysian Plan (1996-2000)	Housing schemes delivered here included: Public low cost housing (PLCH) Site & services housing schemes Housing rehabilitation Housing by commercial agencies Housing by land schemes Institutional & Staff Accommodation Scheme	Private sector housing construction increased Private developers Cooperative society Individual & Groups 30-50% units must be allocated to the Bumiputera

10.	Eight Malaysian Plan (2001-2005)	Housing schemes delivered here included: Public low cost housing (PLCH) Site & services housing schemes Housing rehabilitation Housing by commercial agencies Housing by land schemes Institutional & Staff Accommodation Scheme	Private sector housing construction increased Private developers Cooperative society Individual & Groups 30-50% units must be allocated to the Bumiputera
11.	Ninth Malaysian Plan (2006-2010)	To build a country with an advanced economy, balanced social development population which is united, cultured, honourable, skilled, progressive and far-sighted Efforts were doubled towards achieving greater success in order to build a development that will elevate the nation's welfare and dignity	Private sector housing construction increased Private developers Cooperative society Individual & Groups 30-50% units must be allocated to the Bumiputera
12.	Tenth Malaysia Plan (2011-2015)	Government Transformation Programs and the New Economic Model, premised on high income, inclusiveness and sustainability It dictates and charts the development of the nation anchored on delivering the desired outcomes for all Malaysians High-income nation as a regulator and a catalyst while upholding the principle of 1 Malaysia: People First, Performance Now	Private sector housing construction increased Private developers Cooperative society Individual & Groups 30-50% units must be allocated to the Bumiputera

(Source: Malaysian Housing Policy Plans)

Table 4. Performances of the Public and Private Developers in Malaysia

S/n	Public Developers	Private Developers	Total in %
2 MP	33.1	66.9	100
3 MP	25.1	74.9	100
4 MP	49.7	50.5	100
5 MP	32.3	67.7	100
6 MP	13.1	86.9	100
7 MP	14.2	85.8	100
8 MP	22.4	77.6	100

(Source: Malaysian Housing Policy Plans)

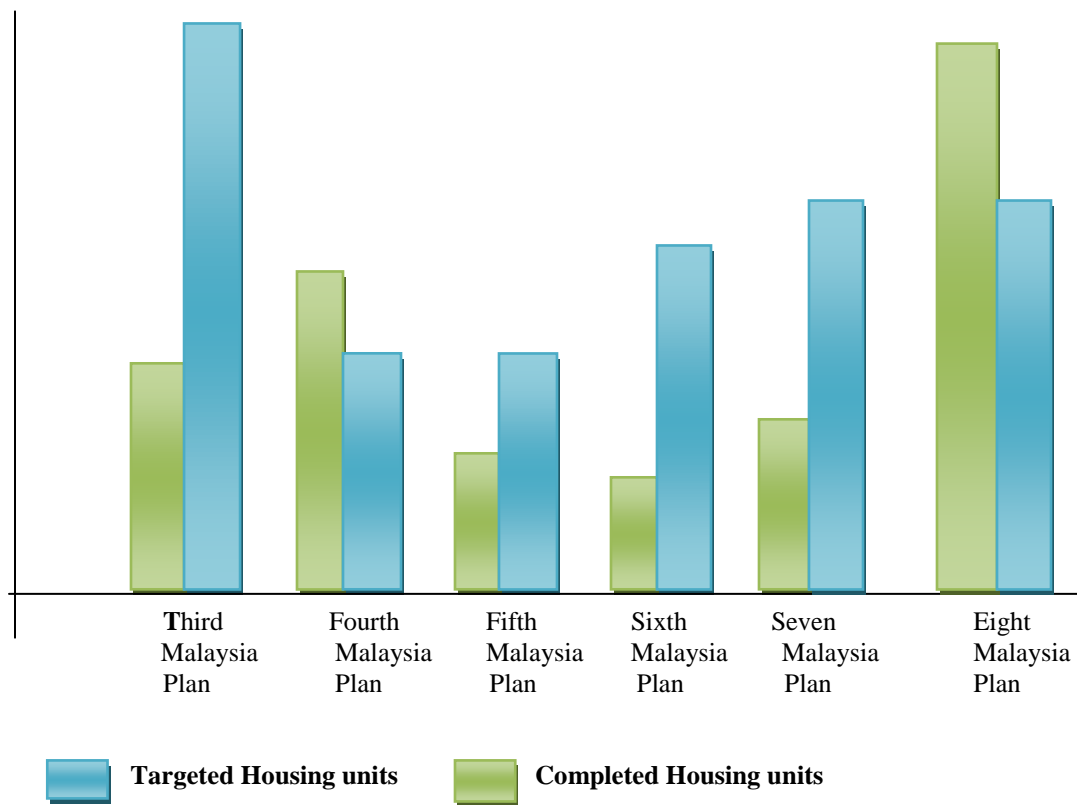


Figure 5. Performance of the public sector developers in Malaysia
(Source: National Housing Department, 2001)

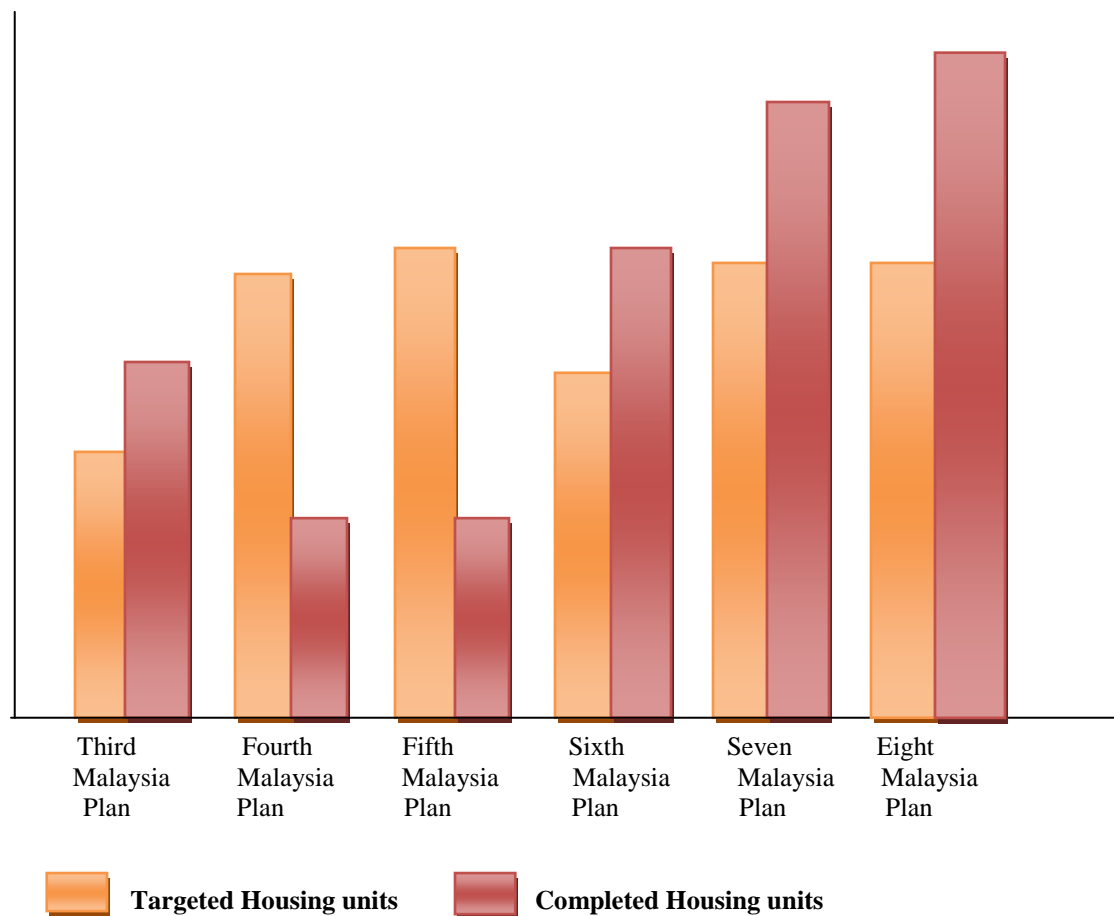


Figure 6. Performance of the private sector developers in Malaysia
 (Source: National Housing Department, 2001)

Table 5. Low cost house prices

S/n	Cost/Unit (RM)	Location/Land Cost/Sq. meter	Earnings of Income groups	House Type
1.	25, 000	Towns & Cities RM45 & above	750-1000	Terrace & Cluster
2.	30, 000	Small Towns RM45 & above	800-1,200	Terrace &

				Cluster
3.	35, 000	Major Towns & Fringes RM15-44	1000-1,350	5 Storey flat
4	42, 000	Cities & Major Towns RM45 & above	1, 200-1500	Above 5 storey

Note: Minimum floor space increased to 650 sq.ft. with 3 bedrooms per unit
 (Source: National Housing development, Malaysia, 2001)

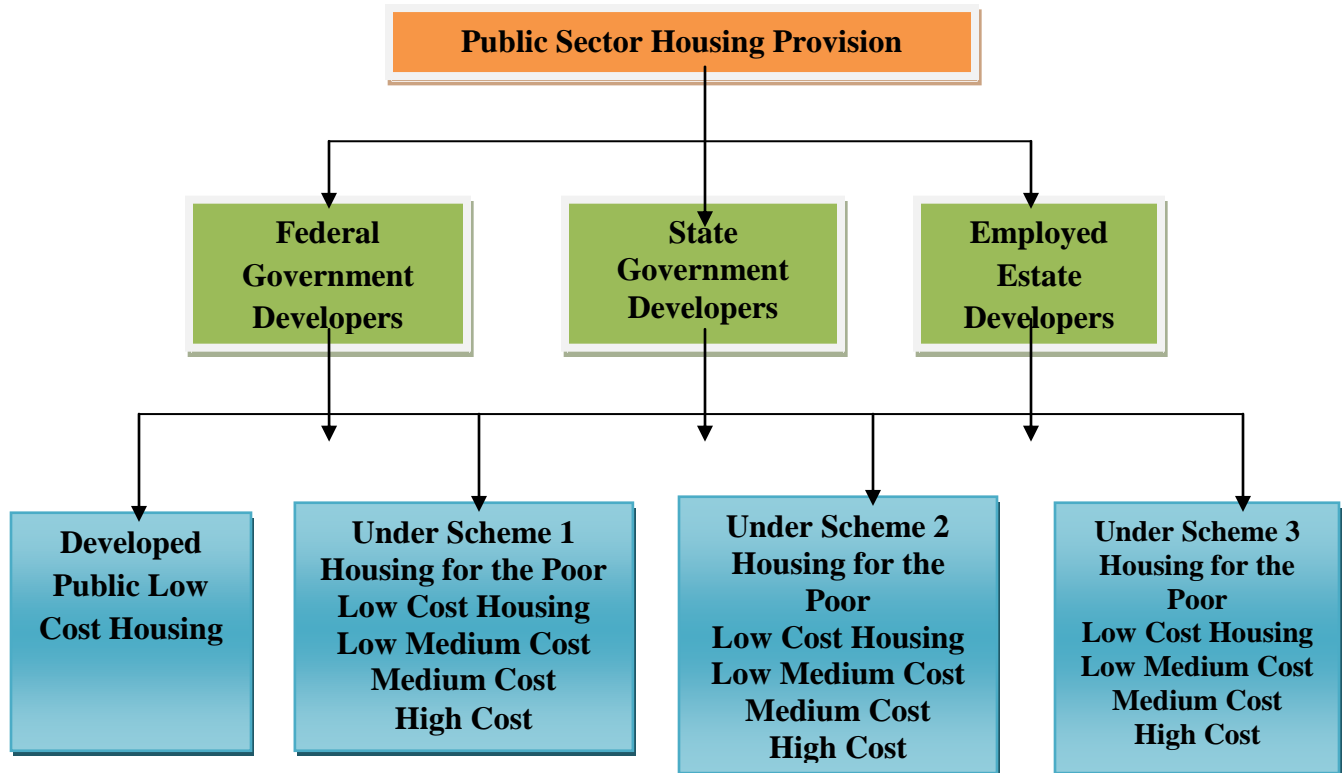


Figure 7. Public Sector formal Housing Provision Model in Malaysia

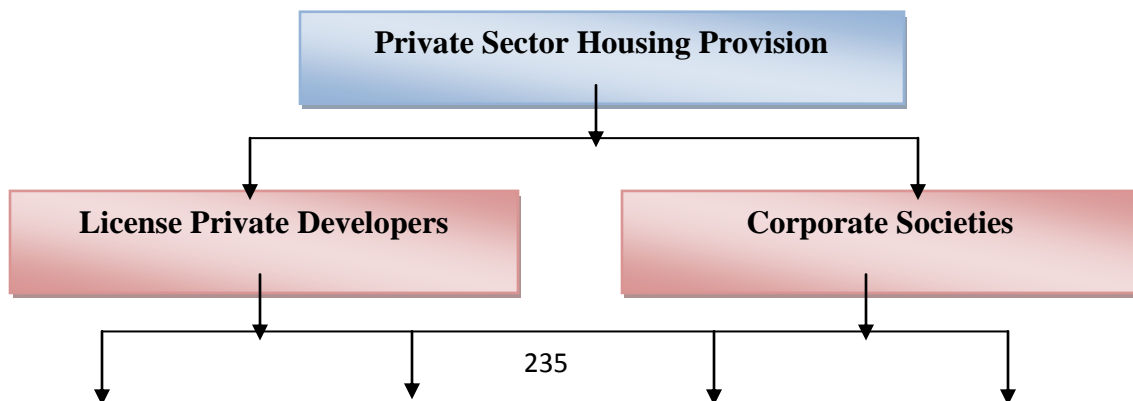




Figure 8. Private Sector formal Housing Provision Model in Malaysia

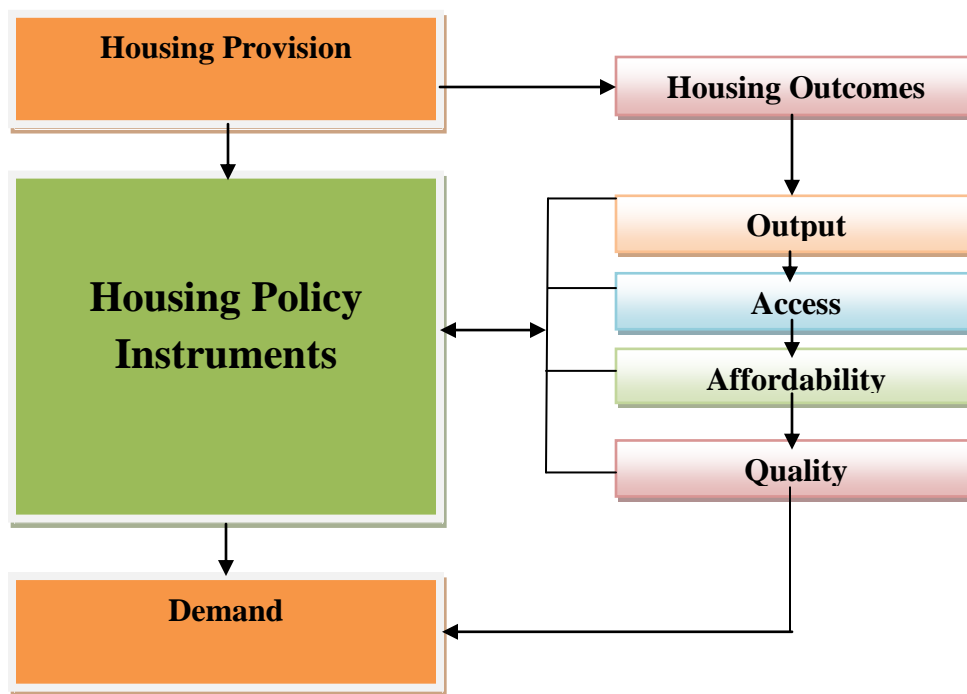


Figure 9. New Provision Model in the Context of Urban Regeneration, Vienna/Amsterdam, Europe (Source: Dr. Sasha Tsenkova, 2008)

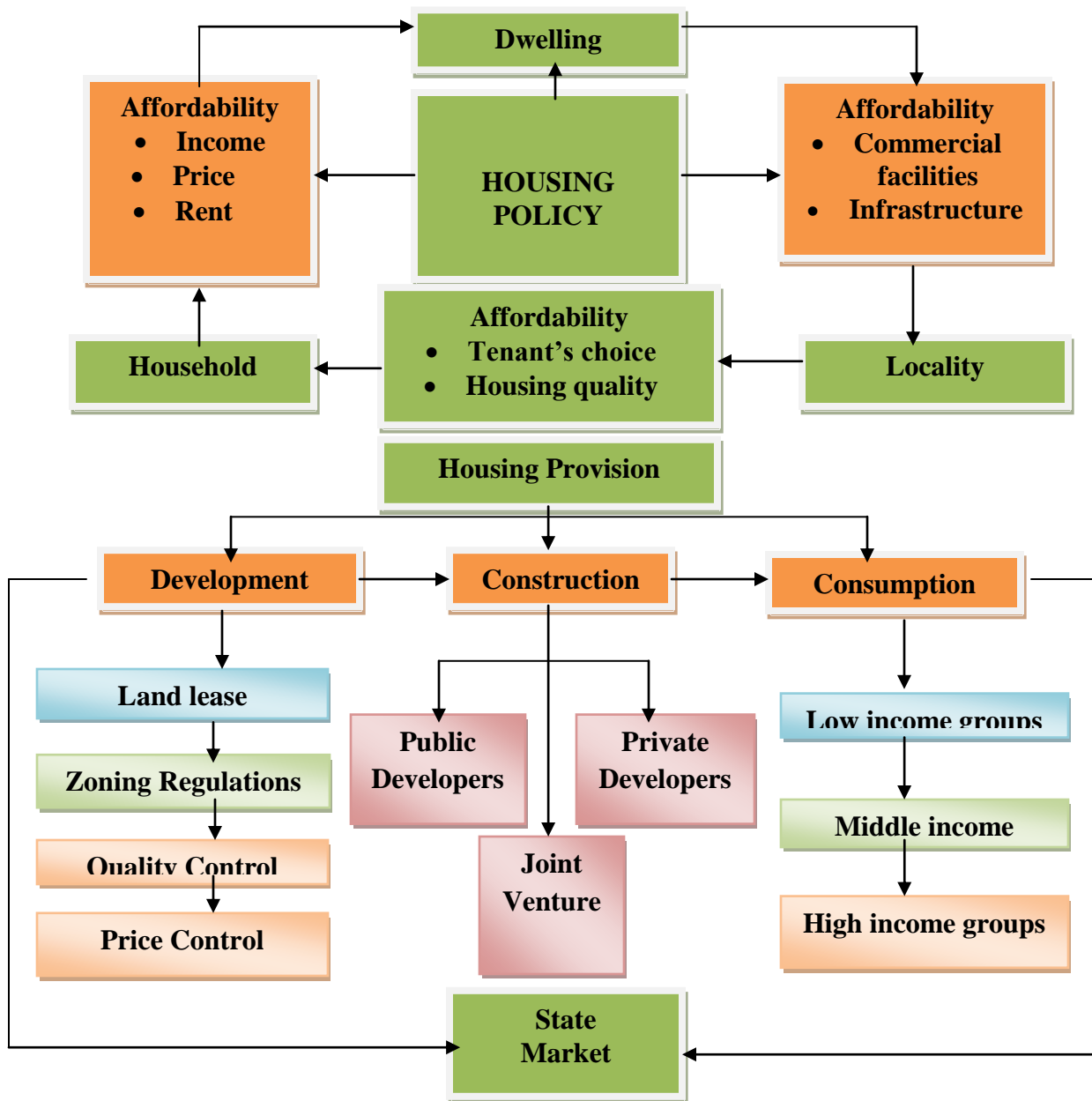


Figure 10. : Basic framework of different components of the proposed conceptual model for formal housing provision in Shanghai, China (Source: Chiu, R. 2002)