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Housing Programmes And Urbanization : A Comprehensive Literature

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Abstract: The urbanization causing the number of residents in the city increase turn out to be a global issue. It gives impact towards the quality of life of the residents as a whole. One of the component in the life quality index is about housing, thus it is important to re-evaluate the needs of providing housing to the residents in the city, especially for low income group in Kuala Lumpur. The public housing program namely Program Perumahan Rakyat (PPR) Dimiliki and PPR Bersepadu are among the programs that help the low income group to have their own homes in Kuala Lumpur. Besides giving access to accommodation, the program is able to enhance the life quality indicator of the town folks. Nevertheless, a proper effective and comprehensive planning and administrations of the housing is very much needed to handle the urbanization challenges to ensure sustainable development is achieved.

Keywords: public housing, low income group, urbanization, quality of life.

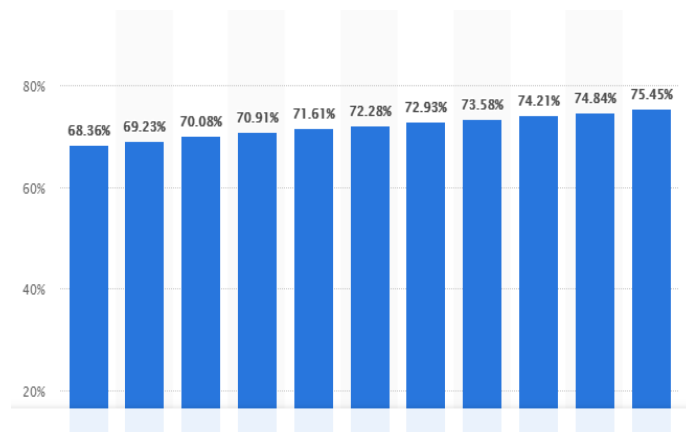
1. Introduction

Citizens in Kuala Lumpur increase from 10.2 million people (43%) to 15 million people (53%) in just 10 years (2000-2010) and that marks Malaysia as one of the country in Southeast Asia that records a rapid urbanization process demographically after Japan, Republic of Korea, Singapore, Taiwan and China. The growth rate of the citizens on the other hand shows an average of 4.0% per annum, fastest in the region, behind Laos and Cambodia whereby both countries are having a smaller number of citizens, and Vietnam (World Bank, 2015).

The increase in international migration as well as internal migration causes the demand for housing to hike. The demand for low-cost houses are higher than the high-cost houses due to the fact that almost 50% of those who lived in the city are the low income group. Reaching 2020, Malaysia is expected to have more than 70% citizens living in the city (Economic Planning Unit, 2010). Migration processes take along more people from poor to low income group to

move into the city for a better working opportunities as well as to increase living standards (Nor Ermawati Hussain, Norehan Abdullah, & Hussin Abdullah, 2015).

Graph 1: Urbanization rate in Malaysia 2007 – 2017



Source: Department of Statistics Malaysia, 2019

This literature study will discover the deals available for low income group society especially in Kuala Lumpur together with the life quality index in Malaysia. Kuala Lumpur being the most rapidly developing metropolis in Malaysia in terms of its population and economic drive is the cultural and economic centre of the country due to its strategic location and status as the capital of Malaysia along with its reputation as a premier city. Appointed as the Alpha City of the World, Kuala Lumpur became the only global city in Malaysia based on the Globalization and World Cities Study Group and Network (GaWC) (Junaidi Awang Besar, Rosmadi Fauzi, & Amer Saifude Ghazali, 2012). The main purpose of this paper work is to give a literature description about the implication of urbanization towards the housing demand. This paper work consists of 4 main components, which are the introduction, urbanization and Malaysia’s life quality index, low cost housing programs and conclusion.

2. Urbanization and Malaysia’s Life Quality Index

Social indicators are social measures that reflect the goals of individuals within a specific cultural or geographic unit. The special features of the social indicators are based on the quantitative and statistical objectives as compared to the individual subjective perceptions towards their social environment (Diener & Suh, 1997). The variables representing various social domains are measured and studied. Some of the variables as stated by Diener and Suh (1997) are infants’ mortality, doctors per capita and life expectancy for the health indicator, along with murder rate, police per capita and sexual crime rate for crime indicator. Some other indicators are ecology, human rights, welfare, and education.

Allen (1991) suggested to obtain a clear overview of the life quality index that is understood by the policy makers and public, a combination of objective and subjective measures need to be done. Karim (2012) argued if the objective and subjective indicators are used together, the results for the life quality index study will be more accurate and useful. Eckersley (2000) listed some guides related to the welfare needs in line with the national goals which are income variables, working environment, housing ownership, environmental conditions, family life, social inclusion and infrastructure basic needs such as clean water supply, electricity supply, road network, drainage system, sewage system, waste management, health services, education, recreation, telephone lines and communications which provide comfort and happiness throughout the life of the locals.

The challenges faced by Malaysians due to the urbanization processes since 1970s and the rapid urbanization rate have caused the life quality index to be in the need of a reconsideration (Dali, Sarkawi & Abdullah, 2017). The Malaysian Quality of Life Index (MQLI) 2011 reported that the overall quality of life in Malaysia is getting better within 10 years from 2000 to 2010 where MQLI increased 11.9 points (100 points in 2000 as the base points). All 11 components comprising of 45 indicators recorded a positive growth especially in the education component, showing the highest increment for 20.4 points, followed by transportation and communication (20.3 points), and housing (15.7 point) (Economic Planning Unit, 2016).

After that, additional indicators were included to strengthen the MQLI. MQLI was modified to the Malaysian Wellbeing Index (Indeks Kesejahteraan Rakyat Malaysia – (IKRM)) in 2013 comprising 2 sub composites, 14

components and 68 indicators. IKRM was formed based on the recognized domestic and international indicators (Economic Planning Unit, 2016). In mid-2019, the life quality index revealed Malaysia was at 11th place, and 2nd among other Asean with 120.39 quality points (numbeo.com, 2019).

Table 1: Malaysian Wellbeing Index 2014

Components	2000	2014	Changes
Economic Welfare	100	131	31
Revenue and Distribution	100	137	37
Transportation	100	136	36
Education	100	136	36
Communication	100	133	33
Work Environment	100	114	14
Social Welfare	100	123	23
Housing	100	145	45
Free Time	100	136	36
Public Safety	100	134	34
Governance	100	133	33
Culture	100	119	19
Health	100	118	18
Social Inclusion	100	116	16
Environment	100	103	3
Family	100	100	0

Source: Economic Planning Unit, 2016

3. Low Income Group Housing Program

Urbanization does affect the quality of life. In order to increase the life quality of the residents living in the city, the housing sectors are among the top priority. Providing adequate, quality, and affordable housing with suitable location is essential. Providing housing for the less fortunate is a social obligation of the government thus public housing is developed. In fact, the importance of direct government participation enables low income group to own their homes, especially in urban areas (Mohd Razali Agus, 2002). Although the federal and state governments are responsible for the management of public housing, in some states these responsibilities are played by local authorities (PBT) similar to in the Federal Territory of Kuala Lumpur (Nor Aini Salleh, 2011).

The public housing program is implemented by the Ministry of Housing and Local Government (KPKT) through the National Housing Department (JPN). There are variations of public housing projects carried out by the government towards helping low income society gain access to housing in the form of ownership or rentals. Public housing in Malaysia is also experiencing some evolutions and renewals according to the suitability and demand of low income households especially in the city.

3.1 Low Cost Public Housing Program (PAKR)

The Low Cost Public Housing Program, or Program Perumahan Awam Kos Rendah (PAKR), is the earliest public housing program built to provide housing with basic amenities to the low income society. PAKR is a housing project by state government funded by loans from federal government. The state government provides the list of qualified buyers based on demands and target audiences. An example of the earliest PAKR is the one in Jalan Loke Yew, Kuala Lumpur built in 1953, which houses 31 studio units measuring 207 square feet each (KPKT, 2016).

3.1.1 Integrated PPR

Integrated PPR or PPR Bersepadu was introduced by National Economic Action Council (Majlis Tindakan Ekonomi Negara, MTEN) in 1998. PPR Bersepadu was implemented for the relocation of squatters in major cities and to fuel the country's economic growth. It was originally implemented to relocate squatters involved in development projects around WP Kuala Lumpur and Klang Valley. The implementing agency of PPR is National Housing Department (JPN) while the cost of construction is borne by the federal government. The implementation of the program is fast-tracking with some flexibility rules provided to speed up the project. The Integrated PPR is rented to the target group at a low rate of RM124 per month (KPKT, 2016)

3.1.2 Rented PPR and Owned PPR

In February 2002, the Low Cost Public Housing Project, or Projek Perumahan Awam Kos Rendah (PAKR) was renamed as Owned Public Housing Program or Program Perumahan Rakyat (PPR) Dimiliki and Integrated PPR continued to operate as Rental PPR. Up till now, the Rental PPR and Owned PPR are federal government programs for

squatter resettlements and provide housing for the low income group. KPKT plays a major important role through JPN as the leading implementing agency for PPR projects nationwide. KPKT strives to coordinate and standardise the unit area for all types of PPR homes to be not less than 700 square feet.

The general requirements for applications are; Malaysian citizens, aged 18 and above, earning less than RM2500 per month and have no home. Additional terms or conditions apply to their respective state governments. The price of Owned PPR is RM35000 in Peninsular Malaysia and RM42000 per unit in Sabah and Sarawak. Owned PPR was originally implemented in Pahang, but beginning with the 10th Malaysia Plan (RMK-10), Owned PPR was expanded to other states such as Kelantan, Kuala Lumpur and Sabah. The National Housing Development Company (Syarikat Perumahan Negara Berhad SPNB) plays an important role in implementing Owned PPR. Meanwhile, the Rental PPR continues to be implemented by JPN with a rental rate of RM124 per month nationwide to provide housing for low-income group with housing affordability problems in the market.

As of 2016, a total of 72,479 units of Rental PPR have been completed involving 82 projects nationwide. Meanwhile, a total of 7,773 Owned PPR units have been completed involving 31 projects nationwide. The total involved 8,0252 Rented and Owned PPR units covering 113 projects nationwide. In addition, a total of 3326 Rented PPR units are still under construction involving 6 projects, and 11167 Owned PPR units are under construction involving 24 projects nationwide. Rental PPR projects be likely to be built in the major urban areas of each state to accommodate the low income population migrating to the city to improve their standard of living. Whereas Owned PPR home projects tend to be built in rural areas.

Table 2 : PPR Implementation Status 2016

Program	Total		Completed		Under Construction		In Planning	
	Projects	Unit	Projects	Unit	Projects	Unit	Projects	Unit
Rental PPR	88	75,805	82	72,479	6	3,326	0	0
Owned PPR	82	27,233	31	7,773	24	11,167	27	8,293
Total	170	103,038	113	80,252	30	14,493	27	8,293

Source: National Housing Department, 2016

Based on the state statistics of Rented PPR units, it is clear that construction of the most Rental PPR units built in Kuala Lumpur with 32,762 units are completed. The Rental PPR in Kuala Lumpur is also likely to continue to grow due to the urbanization process that leads to the increasing demand for housing units suit for the low income group which are at low rent rates. The RM124 fee which is still being used by JPN to date is the most affordable housing cost for low income people compared to the higher rent-to-market homes. Of these, 31,161 units were occupied and only 3201 units remained vacant in the Kuala Lumpur Rental PPR. Meanwhile, Kelantan and Pahang do not have PPR Rented units as the state inclines to provide Owned PPR units.

Table 3: Details of Occupancy for Rental PPR according to States up till 2016

State	Completed	Submitted	Occupied	Vacant
Johor	8,278	8278	6,117	2,161
Kedah	1,894	1,894	1,847	47
Kelantan	0	0	0	0
Melaka	336	0	0	0
Negeri Sembilan	570	420	414	6
Pahang	0	0	0	0
Perak	915	915	915	0
Perlis	1,428	1,428	1,397	31
Pulau Pinang	698	698	695	3
Sabah	16,396	15,456	14,379	1,077
Sarawak	3,016	3,016	2,673	351
Selangor	5,184	3,304	2,829	343
Terangganu	1,002	1,002	1,002	0
WP Kuala Lumpur	32,762	32,762	31,161	3,201
Total	72,479	69,173	63,429	7,220

Source: National Housing Department, 2016

3.2 Other Housing Programs

In addition to Public Housing or Perumahan Awam (PA) and PPR housing, there are other types of housing in Kuala Lumpur managed by the Kuala Lumpur City Hall (DBKL) to help the less fortunates get access to housing. Other housing units include housing units for sale, temporary long houses, studio units, low-cost housing units and youth complexes. PA units, PPRs and low medium cost homes are for families, while youth complexes are for the singles. Each type of housing has different rental rates. One of the reasons for the difference in rental rates is the size of the unit.

The studio unit, which has no rooms, costs RM55/month. The PA and PPR units built after the country's independence that have only one room cost RM94/month. While units with two or three rooms cost RM124/month. The renovated three-bedroom unit costs RM218/month. However, the majority of PPR units now are having three rooms. In addition to PA and PPR units, DBKL also provides low medium cost housing units in four different areas. The Gombak 2 area is priced at RM320 per month, the Kuang, Kenari and Seri Pangkor area are priced at RM250 per month while the Tioman 1 area is priced at RM300 per month. Youth units are provided in the form of rooms that can accommodate up to two people per room for RM70 per month (DBKL, 2015).

Table 4: Monthly Fees According To Units

Housing	Unit	Fees
	Studio Units	RM 55
PA / PPR	1 Room	RM 94
	2 Rooms	RM 124
	3 Rooms	RM 124
	3 Rooms (renovated)	RM 218
Low medium cost	Gombak 2	RM 320
	Kuang dan Kenari	RM 250
	Seri Pangkor	RM 250
	Seri Tioman 1	RM 300
Youth Complex	1 room (2 people)	RM 70

Source: DBKL, 2015

Applicants who wish to rent PA, PPR or low medium cost unit must meet the requirements. Both husband and wife must be Malaysian citizens, have established family unit, and the total income for the husband and wife must be under RM2500 for low cost whereas for low medium cost, it should be below RM3500. Applicants must also not own any home or land within 35km nearby the city center, must reside and work in Kuala Lumpur and be registered with the JPPPK (DBKL, 2015). The terms of the application are intended to ensure that only low-income earners, in terms of income, home assets, marital status occupy DBKL's housing units.

While for the youth complex units provided for the unmarried individuals, the applicant must be a Malaysian citizen, under 40 years of age, working and living in Kuala Lumpur and earning less than RM 1500 per month. The rental period is three years. Youth units are dependent to the vacancy of the unit. Although the fixed monthly rental rate is RM70 per person, for larger units, rentals could reach RM120 per person. In addition to having a bed, the youth unit also comes with a wardrobe, shoe rack, pillow, mirror, wardrobe, hall and prayer facilities. In addition to bachelors, single parents who do not have children can be considered for renting this unit (DBKL, 2015). The youth units provided by DBKL serve as temporary residences before households get stable employment with fixed income to enable them to obtain permanent housing. The youth unit is also considered as temporary home for the young people who have migrated to Kuala Lumpur to begin their working life.

In short, public housing in Malaysia has helped many low-income groups gain access to home ownership or rental units. In fact, public housing be likely to increase the affordability of home ownership especially for the low income group in Kuala Lumpur city center. In addition, public housing is an important component of improving the quality of life of the low income urban population. Offering housing to the low income urban population is an indicator of managing urbanization especially in Kuala Lumpur.

4. Conclusion

Urbanization has an impact on the overall quality of life of the population. The components of quality of life need to move in line with the goals of national development. The upgrading and modification of the MQLI to the Malaysian Wellbeing Index (IKRM) in 2013 provided the opportunity to improve the quality of life of the Malaysian people. The focused housing component is able to ensure that the townspeople, especially the low income group, have access to housing. This is in line with the need for housing as a basis for human survival to survive. Providing adequate, quality,

affordable housing with suitable location enhances the quality of life index for the people living in the urban areas. Besides, the planning and management of the urban housing sectors can also drive sustainable developments.

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