

HOUSING NEWS

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Affordable Quality Housing



... getting the message across to the younger generation

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The immediate basic needs for mankind are food, clothing and shelter. Article 25 of the Universal Declaration of Human Rights states : 'Everyone has the right to a standard of living adequate for the health and well-being of himself and of his family, including food, clothing, housing and medical care and necessary social services, and the right to security in the event of unemployment, sickness, disability, widowhood, old age or other lack of livelihood in circumstances beyond his control'.

Nowadays in Malaysia, with the spiralling cost of houses especially in the urban areas, more and more Malaysians are having difficulties to own a home. Therefore, **Affordable Quality Housing** has been chosen as the theme for the current issues to look into issues regarding affordable housing and the various schemes introduced by the Government to provide more housing for the population.

A Better Tomorrow : Shelter & Housing looks into housing for the masses and offers a glimpse what the future of housing might be. **Affordable Housing Through the Eyes of Architecture Students** is an effort by the Department of Architecture, UPM to educate architecture students on affordable housing through hands-on project and rigorous brainstorming sessions with professional architects.

Role of Law in Promoting Affordable Housing : A Brief Review dwells into legal aspects enforced by the Government to formulate housing policy in providing affordable housing in Malaysia. **Reaching a Balance: Does Supply Meet Demand?** looks into the perceived mismatch between demand and supply of affordable houses.

The remainder of the articles look into **the role of Syarikat Perumahan Negara Bhd (SPNB) and Perumahan Rakyat 1 Malaysia (PR1MA)** in providing affordable homes. While **Affordable Homes: The Path Getting There** offers '10 Steps Towards Affordable Housing'.



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SEMINAR ON AFFORDABLE QUALITY HOUSING: THE FIRST-TIME HOME BUYER 2013

Date: 11-12 March 2013
Venue: PWTC, Kuala Lumpur

CONFERENCE ON AFFORDABLE QUALITY HOUSING 2013

Date: 11-13 March 2013
Venue: PWTC, Kuala Lumpur

Theme: **SUSTAINABLE AFFORDABLE QUALITY HOUSING**

The housing industry serves the social agenda of the government and is also regarded as an important engine of growth for the nation. The housing industry in Malaysia is regarded as a major industry contributing to the economic and social development of the country. The right to housing is a basic need while good quality and affordable housing is a reflection of a high quality of life for the population.

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Salam Maal Hijrah 1434 & Happy New Year 2013



A BETTER TOMORROW: *Shelter and Housing*

Ar. Dr. Tan Loke Mun

Shelter is a basic need of humanity. Since the foundation of the world human-kind has sourced and provided shelter for itself. The earliest caves and tents of bark and skin evolved into modern day buildings and structures.

It is only in recent times that people have not built (or participated in building) their own shelters. Harms (1982) stated that self building was the normal form of housing provision prior to the capitalistic mode of production. "Housing was produced in a simple process of production; local building materials were transformed in a labour process with simple tools and a low division of labour into a shelter or house for it's immediate use value".

Abrams (1964) noted that providing shelter had been a normal part of human activity since the early cave dwelling days. "Wherever industrial progress had not encumbered him", man was still capable of doing as he once did. Pre-industrialised homes were built either by the immediate family or by the villagers with the help of local tradespeople (the master craftsmen and journeymen). Local materials were used with traditional building methods and tools. These traditional techniques were usually suited to local conditions and were well proven through many years of evolutionary development. The users were often the builders themselves and thus, were able to match the house to their needs. The buildings were produced predominantly "for their 'use-value' rather than for their 'exchange-value' in the market" (Harms, 1982).

With industrialisation and the development of the capitalistic mode of production, housing together with nearly all other production was changed into a market commodity. Self or shared labour changed predominantly into wage labour as wages became the basis of self sustainability through market exchange. With on-going division of labour, society changed from one that was an aggregate of multi-skilled individuals to a collectivity of specialized individuals (Smith, 1976). The available options for the acquisition of shelter was no longer clear as the skills, abilities and opportunities were eroded in the face of commercialised production. The house became a product of an increasingly complex and specialized

production process with an increasing division of labour and organization. Charles Abram's "Man's Struggle for Shelter in an Urbanising World" (1964) noted that the industrializing city "complicated man's effort to obtain shelter that he was once able to build with his own hands".

The provision of basic housing today has become part of a major manufacturing industry where houses have become a product that is moulded, manufactured and marketed like many other industrialised products; involving a myriad of specialists, professionals and agents – from land owners, developers, surveyors, architects, engineers, lawyers, bankers, valuers, real estate brokers, builders, contractors (multi-layered), local authorities, marketing agents and even internet bloggers. The conventional view today is that houses are the product of the housing industry and the future owners and occupiers of the product have little involvement or participation in its production. The perception is that housing is something that one buys from a range

Today many see housing not as basic shelter for the family and its values but more so as a source of wealth and the way out of the poverty trap or to greater wealth.

available within one's budget rather than something that one is able to make (Rodger and Tan, 1990).

The emerging problem from such a view in times of escalating construction, services and land costs without equal corresponding increase in income and wealth is that a large number of households are finding the basic home drifting further from their ability to afford them.

THE HOME VS THE HOUSE

The basic shelter's transformation to real estate commodity has been decisive and terminal. Homes where multi generational families once lived in or had emotional functional ties with have given way to

property often lasting but for a short season to be traded or exchanged for other better valued properties. Today many see housing not as basic shelter for the family and its values but more so as a source of wealth and the way out of the poverty trap or to greater wealth. The reasoning being simply that demand will always outstrip supply because shelter is a basic necessity for an ever increasing urban population, and buildable land is a scarce commodity. Thus the desire for home ownership has become the ultimate dream for most Malaysians.

A large share of the expenditure of a household is spent on housing. To achieve home ownership, the purchase of the house is financed either by cash or through a loan arrangement with a lending body or some combination of both.

AFFORDABILITY

To achieve home ownership and thus the Great Malaysian Dream, it must be affordable. Affordability is the ability to do or spare something without incurring financial difficulties or risk of undesirable consequences. The term is generally used in the housing context to examine housing costs relative to income. As affordability relates to individual circumstances and often a large range of variables, there are many possible definitions. Even so, affordable housing has been defined by some as housing that will cost or consume no more than 25% of a household's gross income. Developed economies have also attempted to gauge and monitor this through various government produced and statistically backed affordability indices.

Interestingly the majority of these indices have shown that housing affordability has consistently dropped over the years indicating that there is an inherent systemic problem with such delivery processes often leading to chronic and perhaps soon to be seen terminal collapse of the overall social economic systems of nations. The recent economic woes in America and Spain originated from sub-prime financing and over exuberant speculation on housing as a commodity and wealth generator. The end result has led to the phenomenon of "empty homes and homeless people" (Stiglitz, 2012).

HOW DID WE GET TO THIS?

Food and shelter poses the basic challenges for man's continued survival upon this planet. The house was once a refuge and sometimes a home to several generations. Today, the house is more often an investment or a source of wealth to escape the cycle of poverty. With this shift, investment and speculation in homes became the pivotal contributor to the boom and bust of economies for the past decades. The first indicator of the looming danger to society is the rise in un-affordability often driven by speculation of the people who have the means against those who do not. This results in pent-up demand by those in greater need but not being able to have access to the basic necessity. Over commitment by speculators riding on this inequality adds to the burden of the financial system resulting in property "bubbles" that eventually implodes.

DE-BUNKING THE "GREAT MALAYSIAN DREAM"

Home ownership may be a myth needing to be de-bunked. This choice of tenure is often a class phenomenon with associated prejudices and misconceptions about the superiority of one form over the other. Many in the English speaking societies, assume home ownership to be the superior form of tenure and that the only people who rented were the poor and under privileged. By building on such assumptions, it has been argued that housing and financing policies become biased towards assisting home-ownership at the cost of other forms of tenure, thus greatly disadvantaging those who cannot attain it or prefer to choose other forms of tenure. There are persuasive arguments in favour of a wider range of tenures such as rental in the many forms, co-operative housing etc to suit different types of social needs and life-styles (Kemeny, 1981)

The preference of home-ownership as the superior form of tenure in Malaysia has made other forms of tenure less desirable for ordinary households. Kemeny (1981) argues that the more widespread home-ownership is, the less choice there will be for other options and the more pressure there will be on non-home owning households to buy accommodation. It is then not so much that there is a natural preference for home-ownership but rather high home-ownership rates gives rise to increased "preference" for home-ownership.

It is also becoming increasingly apparent

that home-ownership is the more costly form of tenure after taking into account the associated costs of maintenance, up grade and upkeep, rates, quit rent, legal fees and financing charges. Wealth gains have almost always been through capital gains from the upside re-valuation of the house. Thus the concept of home-ownership as the most cost effective and wealth creating form of tenure is but a myth.



HOW WILL THE FUTURE BE LIKE?

This question plagues the minds of all concerned architects and planners for the future. World population reached 7 billion people on 31 October 2011. More than 5 billion were added in the last 100 years alone. Certainly the world has never been down this path before. For sure the future will present new surprises and challenges to humanity and the limited resources of the earth that we have stewardship over.

Ever more so, land and the earth's resources will be the single most pronounce source of wealth and power, politics and wars. How then can the new billions be satisfied with no ownership or rights or even access to this. How are we to address the basic needs of food and shelter? How are we to house billions?

What happens when the land is gone? Egyptian writer and Architect, Hassan Fathy noted that "every peasant with access to land had his own house because he built it himself while many present day middle-class families had none because they couldn't afford the sort of structure that their status demanded. So they were

needlessly deprived" (quoted in Ingemann and Rodger, 1989).

SUFFICIENCY TO ADDRESS THE NEEDS

A tipping point will come where the house will return to its basic role as shelter and home to values that are more apparent than money. The sustainability thrust of recent years is fast giving way to the new realization of the need for sufficiency. Where enough is good and more is a waste.

Sufficient alternatives and options must be explored and opened to allow people access to basic housing to suit their values and life-styles. The three bedroom house and apartment is already obsolete as sizes of households have grown smaller over the years and more people choose to stay single for longer periods coupled with the rise of single parent households.

Ideas for homes to be located to suit the availability of jobs will become more urgent. Smart phone and other communication advancements will soon render the commercial office block typology obsolete. Real jobs will then be located in further flung places where technology cannot yet

replace the need for human intervention. Mobile or portable homes and sites may become the new basic housing units for the new hybrid of the journeyman. Mining and agricultural mobile cities will pop up wherever and whenever needed.

Existing cities and urban centres will have to green up, link up and dense up to reduce waste whilst freeing up valuable land for agriculture and recreational spaces. Old and obsolete building forms and typologies will quickly make way for a new architectural landscape.

Man and his civilisation have effectively conquered the entire world. Sets of values and rules were put into place to control and manage; and to protect basic needs and share essential resources.

Whatever the permutations, the essentials remain Food and Shelter. New ideas and concepts are now needed to ensure their continued access to all. ■

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AFFORDABLE HOUSING THROUGH THE EYES OF ARCHITECTURE STUDENTS

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Understanding what affordable means is not a rocket-science. But when it is coupled with the term housing, affordable gives a wider range of perspectives and definitions to different people. Educating architectural students what affordable housing is make it more challenging. In order to have the understanding of the term affordable housing, a program was organised which takes into account both immerse in the project site and going through a rigorous brainstorming exercise in a design workshop.

Design studio being the core subject in Architectural Education provides the platform to learn and experience significant issues in built environment such as housing. In March 2012, the tutors in the final year of Bachelor of Design (Architecture) program in UPM, have proposed to change the routine of learning architecture in studio and implemented the Student-Centred Learning (SCL) method by taking it outside and linking studio activities with the community and other organisations. This has resulted with a collaboration between a local architectural firm in Kuching, Sarawak, which is actively involved in Habitat for Humanity's (HfH) works, and the 3rd year Design Studio from UPM.

Referring this program as The Kuching Project, it was split into two related events which are:

- i) A community involvement as site workers under the supervision of HfH Sarawak Chapter, a non-profit organisation.
- ii) An intensive design workshop in exploring the possibilities of alternative designs for Habitat House and cost reduction exercises with a few local architectural firms led by Design Network Architects (DNA).

During the site work for the community involvement with HfH, the students managed to construct a 20'X30' Habitat House for a family in Kuching. The students were fortunate to be given task to build the footing of the house until the ground beam stage. Considering the given two weeks duration, the progress of work is an 'eye-opener' towards the students involved.

At the same time, they are also involved in a design workshop called "Designing for a Sustainable Living" with a specific project brief, that was formulated to challenge the idea of existing Habitat House designed by HfH from macro scale till to the detailing of using local resources. Students are to analyse and propose a new Habitat House in terms of construction methods, cost reduction exercise, site and space planning as well as detailing.

Each group did a thorough study on different issues chosen based on observation and experience during their site work as labourer with HfH. The following are some of the examples of the output from group's presentation. Aspects such as site planning of how a cluster of Habitat Houses could maximise their common outdoor spaces are seen and done through series of sketches and study models. One of the examples in this board looks in cul-de-sac configurations to create

a community space that relates to the internal spaces (Figure 1).

While others look into possible space planning for a house to maximise good ventilation and daylighting which seems to be two of the major problems in low-cost housing space planning (Figure 2). Another study on space planning is related to social aspects and needs and how spaces evolved with the requirements that changed and responded in design (Figure 3). There are also aspect such as organising the spaces according to sun path, which creates different formations leading to accidental outdoor spaces that could be seen as a shared communal space (Figure 4). One particular group was more keen to experiment a habitat house seen in clusters rather than as an individual unit. This gives different typology of housing with the kitchen and dining space as the most important space for a small cluster of families (Figure 5).

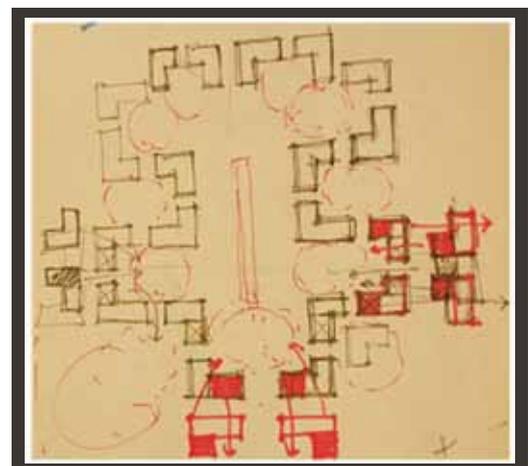
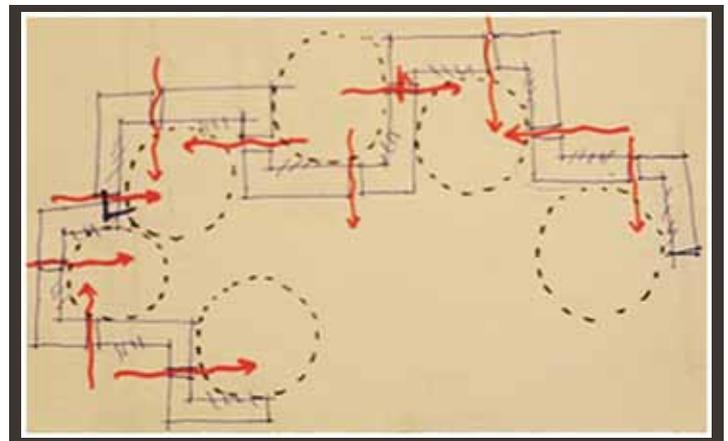


Figure 1 Creating community spaces using multiplication of one house typology

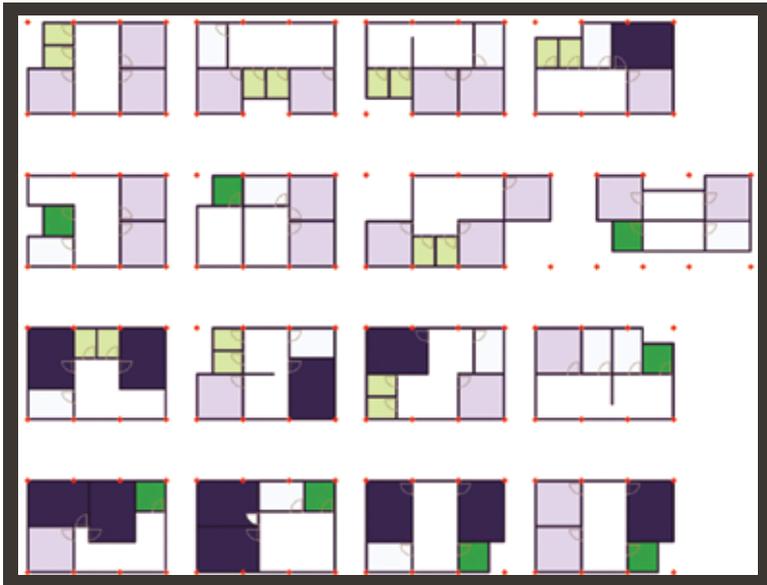


Figure 2 Study of possible internal spatial planning

1. Centralised toilet
2. Too deep plan
3. Bigger kitchen (split)



1. Pass through living toilet
2. Suppressed kitchen
3. Awkward living and dining



1. Shared toilet
2. Public and private not suitable (living and dining) three family-compressed



1. Kitchen can be expanded
2. Two families
3. Screening (people)
4. Split bathroom
5. Public and private suitability
6. Focal control (living/dining)



1. Rich people (high cost construction)
2. Two families
3. Public and private sacrificed



1. Rich
2. Toilet near to rooms



Figure 4 Spatial planning forming accidental outdoor spaces

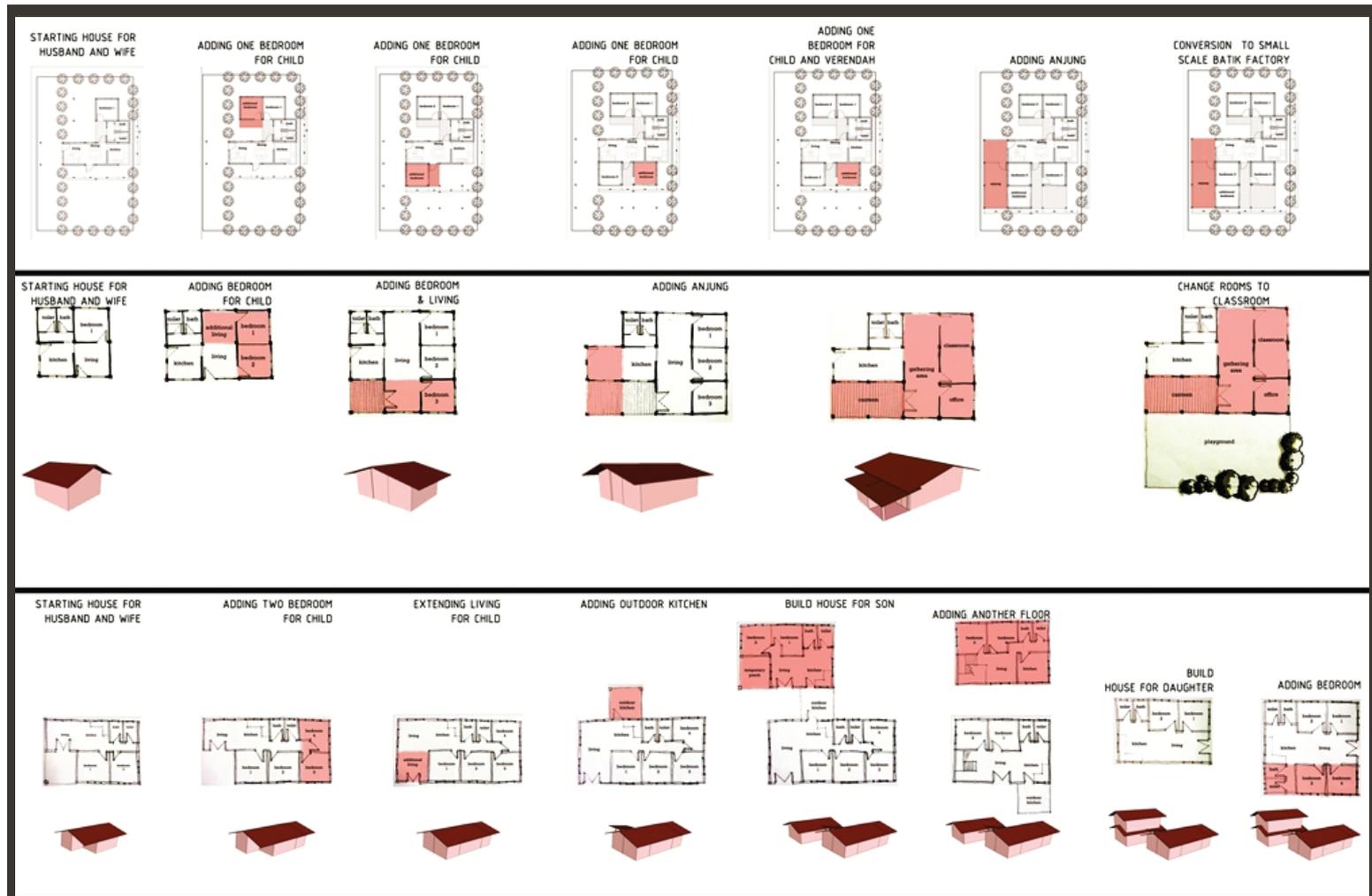


Figure 3 Spatial planning for current and future extensions

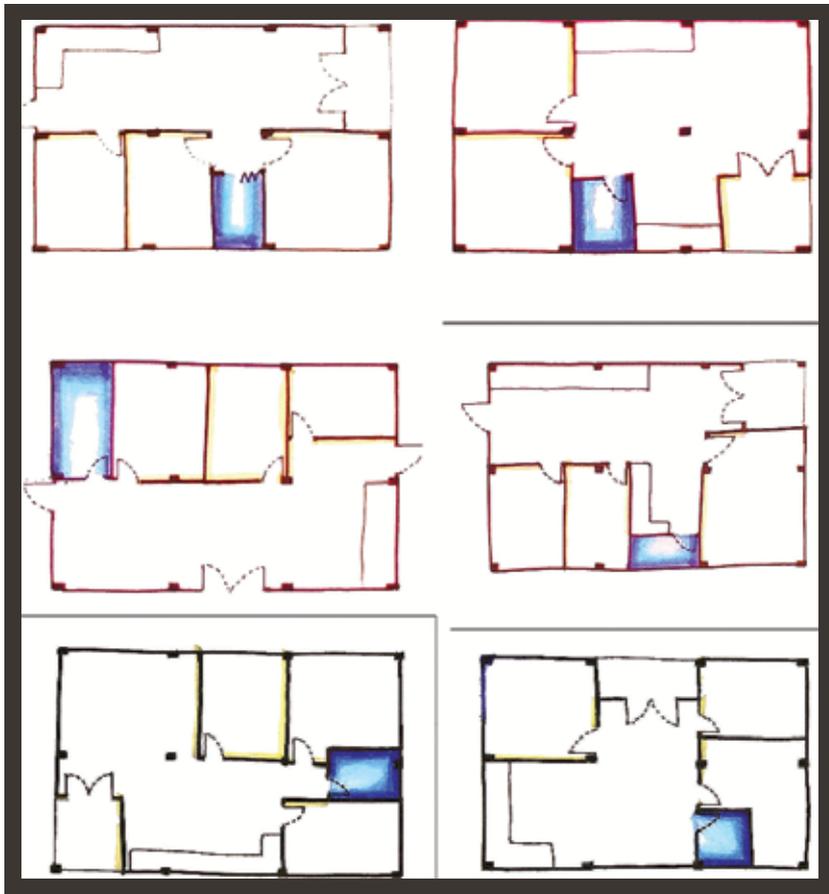


Figure 8 Multi functional spaces and devices

We believe that by exposing the exercise towards graduate-to-be students, will give them an insight and greater sense of accomplishment in helping out the community and the less fortunate. At the same time students now understand the construction process even more and although some of the work seems challenging to them, it will all worth it because it pays for a good cause.

With all the designs that were brainstormed within such short duration combined with site work on the typical Habitat House, it has made the students to think critically when they are designing low-cost houses in the future. This initiative aids integration, collaboration from the students with the community. The students come into contact with the local people in a natural way, taste the same food and sweat on the fieldwork together, thus uplift the barrier to all. It is more than just giving the low-income household a roof over their heads or a cutting cost exercise using some newly invented materials in the market, but rather appreciating and recognising the constraints and challenges that are faced from different subjects such as community bonding, humanity comfort in terms of space planning and sizes as well as design appreciations. ■

All figures used in this article are conceptual ideas from the UPM's third year architecture student during Semester 2 Session 2011/2012, which was presented to PAM Sarawak Chapter on 25 March 2012.

GRIN DESIGN[©]



Role of Law in Promoting Affordable Housing: A Brief Review

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INTRODUCTION

Modern governments have been imposed with democratic responsibilities of promoting the society's wellbeing. Thus, in a society where market imperfection exists it is incumbent on the government of the day to correct this to ensure it meets the need of the citizens from all walks of life but mainly the underprivileged and those in need of financial aid. Law can be the tool to assert and confirm property rights in a capitalist society. The government often resorts to use law to help achieve the policy directions formulated to achieve societal needs. This article sets out briefly the function of law in promoting the achievement of the national housing policy formulated for providing affordable housing in Malaysia.

NATIONAL HOUSING POLICY

The objective of the National housing policy is to ensure that all Malaysians, particularly the low income groups, have access to adequate, affordable shelter, comfortable, quality and related facilities to enhance the sustainability of the quality of the people. The national housing policy is emphasised through housing programmes and strategies outlined in the country's development plan revised every five years. Housing development also emphasises the human settlement philosophy through the provision of social services and amenities as well as economic activities necessary for the attainment of better quality of life, national integration and unity. (MHLG)

Objectives of the policy are aimed at, providing adequate and quality housing with comprehensive facilities and a conducive environment; enhancing the capability and accessibility of the people to own or rent houses; and setting future direction to ensure the sustainability of the housing sector.

Towards achieving the objectives of the national housing policy the Government has formulated various strategies and programmes, passed legislation, established public institutions and partnered with the private sector. This is set out in the Malaysian Plans where sufficient focus on the provision for providing affordable housing is an important manifestation. The Tenth Malaysia Plan (10MP) being the latest stated that housing development reiterated that the government will focus on the provision of adequate housing, ensure a safe, healthy and harmonious living environment equipped with complete public amenities and quality recreational facilities.

Policies and restrictions on foreign purchasers were introduced, including measures to discourage speculators activities from dominating the low-cost or medium cost properties which are developed mainly for the less privileged citizens.

INSTITUTIONAL FRAMEWORK

The Federal agency involved in ensuring the successful implementation of this policy is the Ministry of Housing & Local Government ("MHLG"). The MHLG established a number of councils to ensure greater cooperation between public and private sectors in developing affordable houses and ensure a smoother implementation of charted strategies. The MHLG assumes an active role in establishing directions for housing in national development plans by setting housing targets, taking into consideration factors such as housing needs, population growth, formation of household size and construction capacity necessary for the public and private sectors to comply with.

The latest development witnessed the establishment of the Federal agency called 1Malaysia People Housing programme (PR1MA) to streamline and construct nearly 78,000 units of housing for the lower and middle income groups within the next five years. This move is expected to reduce the government's dependency on private developers to provide affordable homes, thus permitting the private developers to focus on developing medium cost and high-end properties.

“ Most government agencies at present prefer to venture into high-end developments to subsidise its low-cost housing projects and infrastructure, as the Government grants are not easily available. ”

LEGAL FRAMEWORK

The housing development sector is regulated by various laws but these laws provides for regulating land development and construction activities. The National Land Code 1965 regulates matters relating to conversion of category of land use, subdivision, amalgamation, and partition of master titles for issuance of individual titles. Housing Development Act (Control and Licensing) 1966 [Act 118] regulates the licensing of developers and enforcement in instances where developers commits offences under the Act. The Local Government Act 1976 [Act 171] regulates issues relating to the local authority administration of matters relating to housing. The Town and Country Planning

Act 1976 (Act 172), provides the policies and framework for urban planning by considering zoning, population density, layout plans and overall physical development. The Street, Drainage and Building Act 1974 [Act 133] is essential in the development of earthworks, monitoring of the construction of buildings and issuance of Certificate of Completion and Compliance. The Strata Titles Act 1985 regulates the subdivision and issuance of strata titles and maintenance of high rise developments which is gaining prominence. In-fact the low-cost and medium cost housing target is possible to be realised via high rise developments.

The amendments to the legal framework in 2007 provided for the establishment of One Stop Centre (OSC) for reducing the bureaucracy within the existing system that has the effect of delaying the application process has to a certain extent improved the property development sector to reduce the delay and abandoned projects where the citizens can be victimised.

The cursory analysis of the legal framework is clear that the law has evolved to facilitate the improvements in the delivery system. However, what remains is for the Government to improve the institutions established to develop affordable housing. Most government agencies at present prefer to venture into high-end developments to subsidise its low-cost housing projects and infrastructure, as the Government grants are not easily available. This has inevitably distracted the corporations established with its original objective for delivering affordable housing projects to the public. Therefore, it is important for the Government to enforce the original objectives of corporations especially the respective State Economic Development Corporations and the newly established 1Malaysia People's Housing Scheme (Prima) by providing funding and prioritising building of low and medium-cost housing.

Although it is important to achieve the affordable housing target for the benefit of the people, in particular in the low and medium-cost categories, equally significant is the need to protect house buyers through proper regulations enforcing standards and controlling practices of the housing industry in a clear and transparent way. This would further help the housing industry deliver for the citizens who are in need and not to be abused by unscrupulous parties for their personal gain. ■



Reaching A Balance: Does Supply Meet Demand ?

WHAT IS AFFORDABLE HOUSING?

What is affordable housing? The Australian National Affordable Housing Summit Group developed their definition of affordable housing as housing which is "reasonably adequate in standard and location for lower or middle income households and does not cost so much that a household is unlikely to be able to meet other basic needs on a sustainable basis." (Queensland Affordable Housing Consortium, Australia). In the United Kingdom affordable housing includes "social rented and intermediate housing, provided to specified eligible households whose needs are not met by the market."

(<http://www.communities.gov.uk/housing/housingresearch/housingstatistics/definitiongeneral/>.)

In the United States and Canada, a commonly accepted guideline for housing affordability is a housing cost that does not exceed 30% of a household's gross income. When the monthly carrying costs of a home exceed 30–35% of household income, then the housing is considered unaffordable for that household. India uses a 40% rule. Housing affordability is more than just a personal trouble experienced by individual households who cannot easily find a place to live. Lack of affordable housing is considered by many urban planners to have negative effects on a community's overall health.

In Malaysia, as I and other Malaysians understand it, affordable housing means "buying and owning a house of one own choice at an affordable price that will not burden on other living expenses such as food, household needs, transportation's cost and children education."

In Malaysia, effort to provide affordable housing seems to increase recently as the needs arise especially in urban areas. Housing developers are required to build low cost housing in proportion to the total unit scale of their development. In 1982, the Government imposed a 30% low-cost housing quota upon private sector developers as a social obligation to complement Government efforts to provide affordable housing. Housing projects exceeding 5 acres have to allocate at least 30% of houses as low cost units. This is also in line with building developments with a balanced socio-economic mix. Under this policy, the number of units is allocated according to its price range namely low cost, low-medium cost and medium cost.

The National Housing Policy also continuously put premium on providing accessible, adequate, affordable and quality housing for all Malaysians, particularly the low-income group.

CAN MALAYSIAN OWN THEIR HOME AT AN AFFORDABLE PRICE?

Sadly for the citizens, affordable housing is not easily available. House prices have soared to exorbitant levels in major cities in Malaysia so that even the middle class cannot afford to own a house or an apartment, let alone the lower classes. In 2009, it was reported that the average house price in KL was RM390,000 almost 6 times the average household income. It was even worse in Penang Island where the average house price was RM540,000 or 8 times the average household income. The latest figure shows that the trend is continuing.

For the average Malaysian, particularly those living in or around urban centres, the price of properties have risen so high that they

can no longer afford to buy. As an expert in the real estate sector in Malaysia pointed out recently, the prices of homes in a city such as Petaling Jaya have risen more than 30 times in the past 40 years. In the same period, salaries have gone up a mere 10 times. As a result, it is becoming a norm that people downgrade from a landed property to an apartment. Home buyers are paying more in monthly installments and taking longer time (maybe three times) to fully repay their home loans. In short, if you buy an apartment today, you will probably spend the rest of your working life paying



for it. As a result, they also end up paying a lot more in interest to the bank, compared with their parents or grandparents 30 or 40 years ago. Given that 76% or five million households in Malaysia have incomes below RM5,000 a month, many homes on the market today are priced beyond their affordability.

SO, WHAT IS THE REAL PROBLEM? AVAILABILITY OR PRICE?

There is the question of availability (supply) and affordable price (demand) when it comes to home ownership. The problem is not that there is not enough houses, but that there is a mismatch between demand and supply of houses. The majority of Malaysians want affordable homes but developers are supplying houses that they cannot afford. Developers prefer to cater to investors and speculators who buy to rent or to flip over and make money. Many of these people own two or more houses. Another cause for the phenomenal increase in property prices in Malaysia during the past three years is fuelled, in part, by the abundance of bank loans with extended (30 years) repayment periods that are made freely available to those who apply. This surge in the availability of extended bank loans, almost overnight created a new and aggressive group of property-hungry Malaysians vis-à-vis Generation-Y, the 20s and 30s newly graduated and newly affluent young Malaysians (Dr Ernest YY Cheong, NST 27 July 2012).

Meanwhile, it was reported that there was no plan to control the housing prices and the government action was to monitor the condition and, if necessary, implement further fiscal measures to ensure that the people were not burdened by the increase of home prices. Among other mechanisms imposed to control property prices include raising real property gains tax from five percent to ten percent for properties disposed of in less than two years and keeping a five percent rate for properties disposed of within a period of between three and five years to control the rise in house prices through pressure from speculation (NST April 27 2012).

From the view of property developers, it was revealed that the current ceiling price of RM42,000 for a low cost unit is not sufficient to cover the building materials cost, which have increased over the years. As business entities, property development companies have to meet profit expectations of shareholders as well, and building homes and selling them at RM42,000 or below is certainly not going to help meet those expectations, especially in the urban centres where land costs are very high. They have suggested to raise the prices up to between RM60,000 and RM70,000 for the affordable housing program. At the same time, there must be room for a dynamic property market where investors can expect some returns for putting money into property.

The question are: Are the prices still affordable for people who need a low cost house for their family? Are there available at suitable location?

It is time for the government to revise our public housing policy that provides affordable housing, particularly in urban areas, to all level of people, not only to those below a certain level of income. A good example worth studying is the Singapore Housing Board where the government spearheads the building of affordable housing for a majority of its citizens. Alternatively, the government can consider doing this in partnership with the private sector. Where land is scarce and density high, a comprehensive planning of land use with provision of good public transportation to reduce traffic congestion is absolutely necessary.

For the private housing sector, the government must take a leading role to monitor property prices and take appropriate and timely measures to avoid unhealthy and unsustainable run up in property prices. The government should stop the sale of landed properties to foreigners. As for non-landed properties, foreigners should not be eligible for local housing loans, unless they are permanent residents. Even for the allocation of affordable housing, measures should be taken to avoid the house being passed on to different owners.

The focus on planning should look at suitable location for housing the low income, to reduce transportation burden. The Government could also ensure that the right infrastructure be put in place to ensure that those who buy into the low or medium cost homes that it is building also have access to affordable public transport and other facilities. By taking full responsibility for affordable housing, the Government could also ensure that they are well maintained. For the most part, low-cost apartments in Malaysia are not well maintained.

Attention should be given to developing green and friendly cities, first class public transport system and less to the building of more shopping malls, hyper markets, and roads. In short, the government's priority should be to put the needs of the majority of Malaysians, which are the low and middle incomes. ■



COMPARISONS BETWEEN SRP, PR1MA AND SELANGOR SCHEMES

	My First Home Scheme (SRP)	PR1MA	Selangor Affordable Housing Scheme
Who qualifies	Individuals or families which combined income of less than RM 3,000 Must be below 35	Income less than RM 6,000 No age limit	Incomes between RM 2,500 to RM 5,000 No age limit (Check)
What it is	100 percent loan and no 10 percent down payment	Apartments priced between RM 220,000 to RM 300,000	Apartments priced below RM 100,000
Specifications	Houses must be between RM 100,000 and RM 400,000	850sq ft and 1,000 sq ft and with a minimum of three rooms	750 sq ft and 850 sq ft
Tenancy	Must occupy house	Must occupy house Can only can be sold after 10 years	Can only be sold after 5 years
Locations	Apply at most major banks, CIMB, Maybank, Affin Bank, Bank Islam, etc.	Latest scheme in Precint 11, Putrajaya (560 units). Future ones in Sungai Besi, Kuala Lumpur, Selangor, Johor Bahru and Penang.	Latest scheme in Bandar Baru Bangi (124 units). Future schemes include Kampung Seri Temenggong, Gombak (480), Kota Puteri (1,056), Shah Alam (1,846), Hulu Selangor (508), Bernam Jaya

Source: The Star June 29, 2011



Assoc. Prof. Ar. Meor Mohammad Fared
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The Role Of Syarikat Perumahan Negara Bhd. (SPNB) In Providing Affordable Homes

The Syarikat Perumahan Negara Bhd. (SPNB) is a wholly owned subsidiary of the Minister Of Finance Incorporated (MOF Inc.). Established in 1997, SPNB's main objective is to provide "quality affordable homes for every family in Malaysia in accordance with the National Housing Objective". Initially, SPNB was appointed as the implementation agent for the Abandoned Housing Project Revival Fund or Tabung Pemulihan Projek Perumahan Terbengkalai (TPPPT) to revive the abandoned housing development projects around the country that has been identified by Ministry of Housing and Local Government or Kementerian Perumahan & Kerajaan Tempatan (KPKT). However, on 25th October 2010, MOF declared that the responsibility to rehabilitate the abandoned housing projects for the whole of Malaysia will be taken over by the National Housing Department or Jabatan Perumahan Negara Berhad (JPN).

Nowadays SPNB has been entrusted to provide quality affordable housing under two schemes - Rumah Mesra Rakyat programme (RMR) and Rumah Mampu Milik programme (RMM). At the same time SPNB implements the Government Quarters programme in Klang Valley via SPNB-LTAT Sdn. Bhd. joint-venture for various agencies and government bodies. SPNB is also responsible to implement the Special Project Programme such as Program Perumahan Rakyat (PPR), housing programmes for Tsunami victims in Malaysia and Aceh, as well as resettlement for flood risk area as instructed by the MOF. Apart from these main responsibilities, SPNB is also dedicated in providing housing for the less fortunate and poverty stricken families in Malaysia by contributing some amount of the company's annual profits towards welfare works such as repairing or reconstructing dilapidated housing under Special Housing Projects via Amal jariah Scheme.

RMR programme is a housing scheme developed to assist low income group who owns a piece of land, such as fishermen, farmers and poverty stricken families who are facing difficulties in obtaining house loan from financial institutions. According to a newspaper report dated 9 Aug. 2012, SPNB is focusing on delivering 10,000 houses for the year 2012 and so far has received 14,000 applicants.

Among the qualification requirements under the RMR programme are:

- ▶ Household income of applicants must not exceed RM3,000 per month,
- ▶ Applicants not having a house or living in an old, incomplete or dilapidated house

Managing Director, Datuk Kamarul Rashdan Salleh reported that 700 units have been completed and about 3,200 units had begun on site. Such units usually take two to three

months to be completed using the Industrialised Building System (IBS). Each unit is priced at RM65,000 with the Government subsidising RM20,000. Thus, a buyer only needs to raise RM45,000.

RMM programme features residences with 3 bedrooms and 2 bathrooms. It focuses on "comfort and family friendly concept". SPNB has successfully completed its low cost, low medium cost and medium cost housing projects under the scheme. According to Datuk Kamarul, since 2008, a total of 14,326 units have been sold. However, SPNB has close to 4,000 unsold units under the scheme. Any new affordable housing units under RMM will be put on hold until the remaining units have been sold off.

Among the qualification requirements under the RMM programme are:

- ▶ Malaysian citizen
- ▶ Age between 21 to 50 years old
- ▶ Do not own a house or land where a house can be built
- ▶ Combined household income not more than RM2,000

With the implementation of affordable housing schemes such as the RMR and RMM programme, Datuk Kamarul opines that the private housing developers are expected to lower their house price to remain competitive. ■



Quick Facts from Budget 2013:

Source: *The Star* 29 September 2012



▶ 22,855 residential units including low and medium-cost apartments will be built under the Rumah Mesra Rakyat (RMR) and Rumah Mampu Milik (RMM) programme with an allocation of RM320mil.

▶ 21,000 houses will be built in 2013 under the RMR scheme. Each house will be priced at RM65,000, with a Government subsidy of RM20,000 as well as a 2% subsidy on its interest rate.

▶ Under the RMM housing scheme, 1,855 medium-cost apartment units with built-up area of 850sq.ft. will be constructed in Shah Alam and Sungai Buluh and will be sold at between RM120,000 and RM220,000.



Affordable Homes

The path getting there

The issue of affordable housing has been a hot subject in the public domain. According to P. Gunasegaram, there are practical ways and means to achieve this objective. Here we include the excerpt of his article entitled "10 Steps Towards Affordable Housing" as published in the Star 27 September 2012.

1 Set up a housing authority for this specific purpose. The 1Malaysia People Housing Programme of PR1MA has been set up for part of this purpose. But as it is currently constituted, its role is limited. You need one overall authority which will handle all forms of housing for the masses – that essentially means both low-cost and affordable housing under one roof. Without that, efforts are going to be piecemeal and not integrated.

2 Get the best brains to helm this authority. This is a tough problem and a very important one as it affects the well-being of most people in the country. It requires people of exceptional ability with impeccable integrity who will handle a wide-ranging array of powers to get the root cause and get things moving. Someone with wide experience in the property sector and who now wants to move to public service would be an ideal choice.

3 The authority must be professionally and independently run. While a set of policies should be given, it must be completely above politics. The aim should be to provide affordable housing and nothing else.

4 It must run the projects by itself. Handing it over to developers just introduces another layer of profits and raises costs. That does not mean that there should be no subcontracting. Developers who have low-cost and affordable housing as part of their development should put their stock through the overall housing authority so that verification can be made of the buyers' status.

5 Land must be acquired on a systematic basis. Both the federal and state government should allocate land for this purpose. Further, every large development should require an appropriate mix of low-cost, affordable and luxury development.

6 The authority must place rigid strictures on resale of property. Such sales must be made only back to the authority and if sale is within, say, five years, purchasers should not be able to reap a huge gain. That will mean a tightly controlled market for properties in this sector so that prices are kept as low as possible.

7 It must have an impeccable system of vetting applicants. Those who do not deserve it must not be allowed to get on board the scheme. Each applicant's financial background must be thoroughly investigated before it is approved. Computerise as much as possible and link it with the various authorities. Even bank accounts should not be sacrosanct.

“You need one overall authority which will handle all forms of housing for the masses – that essentially means both low-cost and affordable housing under one roof.”

8 Reduce discretionary power. Criteria should be clearly set and once a person meets the criteria, he should be automatically eligible. If there are more applicants than units for a particular project, then selection should be made by public balloting.

9 Forget racial quotas which inevitably leads to politicisation. If some races are poorer than others, it will be automatically reflected when the criteria for eligibility are evaluated. That will avoid further division among Malaysians.

10 Do proper market research. The last thing we need is to have a surfeit of low-cost and affordable housing with insufficient takers. Needs and affordability have to be carefully studied and analysed to ensure the final product meets with market demand.

The Star
Thursday, 27 September 2012
By P. Gunasegaram



PERUMAHAN RAKYAT 1 MALAYSIA (PRIMA)

The Next Action Hero of Affordable Housing in Malaysia



Norzaini Mufti

House ownership is an aspiration for many. It is the normal cycle of one's life that beyond tertiary education, marrying your dream spouse and embarking on a career of choice. Then, an individual will start to toy with the idea of committing oneself to the substantial and long term commitment of buying a property to quit from renting.



During the recent festive season, I met two very fortunate individuals. Mr A comes from a privileged family and was presented with a property worth maybe RM 3 million. Credit to Mr A, he is successful himself and guess what he did? He spent another RM2 million demolishing the old structure and build a brand new house on the prime location. Mr B is equally fortunate. The spouse's family has properties in prime locations bought many years ago and generous enough to 'sell' one of it to Mr B at a highly discounted price. Mr B maintained the structure but spent some money upgrading the property to fulfill the family's current needs. These are the stories of exception rather than the norm and for every Mr A and Mr B, there are thousands out there struggling to find an affordable home to purchase. Much has been said about the escalating property prices especially in the major cities such as Kuala Lumpur, Penang and Johor Bahru. Depends on whom you are talking to, many different reasons are given as causes for the scenario. Regardless of the causes, the masses, the majority of the population who are in the market for a home, are the ones struggling to find a home which they can afford. This segment of the population is a large one and the Government needs to step in to ensure that their basic need of home ownership is being met. This is what PR1MA (Perumahan Rakyat 1 Malaysia) is all about.

Solution to the affordable housing problem is not a simple one and it needs gigantic efforts from many parties and many perceptions and expectations must be adjusted. From the provider point of view, namely PR1MA, some of the challenges are as follow:

1 LAND

It is widely publicised that PR1MA projects will be at urban locations. Developable lands in urban areas are hard to find and the available ones are very expensive. PR1MA is working closely with other Government agencies to look into possibilities of developing idle lands owned by those agencies.

2 ACCESSIBILITY

Public transport must be given priority in PR1MA projects. It is to reduce transport-related expenses to residents (car ownership, petrol, parking etc.) and to reduce vehicle-related cost to the development (provision of car park building etc.). Reduction in transportation cost will increase end users purchasing power of the housing units.

3 COST

Conventional method of construction might not work in PR1MA projects. New materials and construction methods are being explored to find ways to deliver quality products at reduced cost. PR1MA is looking at the whole supply chain within the construction industry to ensure that no

parties are taking advantage of the cause and try to obtain excessive profits in PR1MA projects. Establishing a PR1MA trading house that will implement strategic collaboration with the whole supply chain of construction industry players does this.

4 SPEED OF DELIVERY

The number of targeted unit to be built within the next few years is unprecedented. To achieve the target numbers, a comprehensive overhaul of the delivery system needs to be done. This includes the design process, approval system, tendering exercise, materials supply, construction methods and others.

5 ENHANCED QUALITY OF DEVELOPMENT

This includes quality of physical buildings and environment within the development. Whilst it is possible to gauge physical quality of buildings using the various quality assessment mechanisms, to create quality environment for the residents will be quite challenging. A social study of the current lifestyle needs to be done and a comprehensive transformational program needs to be put in place to ensure the society is ready to accept and embrace what PR1MA is providing for them.

6 LIMITATIONS OF CURRENT LAWS & REGULATIONS

Property developments implemented in the last 50 years were carried out adhering to the relevant existing laws and regulations. For PR1MA to introduce an evolutionary product to the market, changes must be made to existing laws. All parties involved must be open-minded about new products and approaches and not afraid to make the quantum leap into the next era of housing products.

From the end users point of view, they must also be mentally and physically ready to adopt and adapt to a new lifestyle and mindset about community living. Amongst the major factors which the community as a whole must accept are as follow:

- Motor vehicle is no longer given the importance it currently receives.
- Lifestyle in strata properties is as good or better compared to landed properties. Security, cleanliness of common areas, park areas, communal facilities are all being taken care-off by the management body. Thus, the overall well being of the residential complex is ensured to be of acceptable standard. In landed properties development, few bad residents will surely affect the overall ambience of the area.
- Residential units are built high up in the sky for a reason. Taller buildings translate into smaller plinth area, thus, more space for park and communal facilities.
- Residents must get used to living in units which sizes are sufficient to fulfill their needs at any point in time. For example, newly-wed must accept to live in a 450 square feet studio and upgrade to a bigger unit later when they need the additional space for a baby. And the progression will continue as their family sizes grow.
- A sense of pride of the place must be inculcated among the residents and the residents must accept the fact that if they misbehave, actions will be taken against them. Enforcement must be strictly implemented.

As a conclusion, PR1MA is not just another property development arm of the Government. It is a vehicle to create a desirable living environment for the masses, with emphasis on affordability without sacrificing quality of buildings and quality of life. It is a gargantuan task which needs dedication, passion, knowledge, skills, commitment and political will to succeed and PR1MA has taken the first few steps towards that. Let us all in the industry contribute whatever our expertise may be and work together with PR1MA to achieve this noble cause in the very near future. ■



Ar. Norzaini Mufti is the principal of Zaini Mufti Architect based in Kuala Lumpur.



Past News

VISIT TO THE 3RD INTERNATIONAL GREENTECH & ECOPRODUCTS EXHIBITION AND CONFERENCE MALAYSIA (IGEM 2012) 12 OCTOBER 2012



The exhibition was held for four days at Kuala Lumpur Convention Centre (KLCC), Kuala Lumpur starting 10 October 2012. IGEM was broadly divided into three parts which are Exhibition, Conference and Workshop, and Enhancement Programs and Highlights. Housing Research Centre (HRC) staff obtained this opportunity to gain knowledge and collect materials that can apply in affordable house and integrated building system (IBS).

SEMINAR ON RAINWATER HARVESTING IN GREEN BUILDING (3-4 JULY 2012) organised by Housing Research Centre. at the Nomad Sucasa Hotel, Kuala Lumpur The seminar which is included one day workshop is conducted by the speakers from UPM, MJIT-UTM and NAHRIM.



2-DAY COURSE & DESIGN WORKSHOP ON PRECAST CONCRETE STRUCTURE (4-5 OCTOBER 2012) organised by Housing Research Centre and Construction Research Institute of Malaysia (CREAM) at the Pullman Lakeside, Putrajaya. This workshop is conducted by Dr. Kim S. Elliott from the United Kingdom.

WORKSHOP ON RESEARCH PROPOSAL (11 JULY 2012) is organised by HRC and conducted by Prof. Dato' Abang Abdullah Abang Ali regarding on how to develop an effective proposal for projects.

WEBSITE ENRICHMENT SESSION has been organised by Housing Research Centre on 13 September 2012. This session is held to brief the staff and HRC members about the newly design of HRC website.

CONFERENCE ON SOCIO-POLITICAL & TECHNOLOGICAL DIMENSIONS OF CLIMATE CHANGE 2012 (19-21 NOVEMBER 2012). This conference is a collaboration between Housing Research Centre, UPM and University of Central Lancashire (UCLan), United Kingdom with the help Faculty of Design & Architecture, UPM. With the participation from various countries, the conference has been successfully organised at the Putrajaya Marriott Hotel.

MALAYSIAN STRUCTURAL STEEL ASSOCIATION (MSSA) OPEN IDEAS COMPETITION 2012

Five Students from the Faculty of Design and Architecture, and Faculty of Engineering have won First Prize in the Malaysian Structural Steel Association (MSSA) Open Ideas Competition 2012. They emerged victorious after competing with 44 groups of students from other universities. YBhg. Dato' Sri Ir. Dr. Judin Abdul Karim, President of MSSA and Chief Executive of Construction Industry Development Board (CIDB) gave away the prizes on the 28th November 2012 at Palace of the Golden Horses, Kuala Lumpur.



SUSTAINABLE TROPICAL ENVIRONMENTAL DESIGN CONFERENCE (SUSTED) 2012 with the theme of "Climate Change : Solutions By Design", was held on the 26th and 27th November 2012 at Faculty of Design and Architecture, UPM. Local and international scholars and professionals presented seven (7) Special Papers and eight (8) Technical Papers during the conference. Among the presenters was Ms. Ulla Giesler a curator with Aedes Gallery, Berlin; Mr. Hiroshi Sambuichi of Sambuichi Architects, Japan; and Mr. Alain Jean Poinard of Suez Environment/ Degemont (Malaysia) Sdn. Bhd. SusTED'12 received support from Alliance Francaise, Goethe-Institut Malaysia and the Japan Foundation.



SUSTAINABLE TROPICAL ENVIRONMENTAL DESIGN EXHIBITION (STEDEX) 2012 was officiated by Dr. Ibrahim Abu Ahmad, Timbalan Setiausaha Bahagian Kanan (Perancangan) Seksyen Perancangan Strategik, Ministry of Science, Technology and Innovation (MOSTI) on the 27th November 2012 at Galeri Serdang, Faculty of Design and Architecture, UPM. The annual exhibition features the best students' works from the Department of Architecture, Department of Landscape Architecture and Department of Industrial Design.

