

MODES OF FORMAL HOUSING PROVISION IN MALAYSIA

Noralfishah Sulaiman, David Baldry and Les Ruddock

Research Institute for the Built & Human Environment (BuHu), University of Salford,
Salford Greater Manchester, M7 9NU

E-mail: n.sulaiman@pgr.salford.ac.uk, d.baldry@salford.ac.uk, l.ruddock@salford.ac.uk

ABSTRACT: Housing provision involves a physical process of creating and transferring a dwelling to its occupiers, its subsequent use and physical reproduction and, at the same time, a social process dominated by the economic interests involved. From the colonial administration until the Eighth Malaysia Plan 2001-2005 assorted modes of housing provision in Malaysia have emerged due to the changing of housing policies. However, comprehensive housing policies implemented by the Malaysian government for over 50 years were focusing more on formal or conventional housing provision. This paper will review the modes of housing provision in Malaysia since the colonial administration until the Eighth Malaysia Plan. It will emphasize the formal modes of housing provision in Malaysia provided by public and private sector developers. Roles and achievements of public and private sector developers during this period will also be described. These housing policies have been reviewed to sketch out modes of housing provision in Malaysia during this particular period.

Keywords – *Housing provision, modes of formal housing provision, public and private sector developers*

1.0 INTRODUCTION

Malaysia is one of the developing nations in South East Asia. During the late 18th and 19th centuries, Great Britain established colonies and protectorates in the area of current Malaysia; these were occupied by Japan from 1942 to 1945. In 1948, the British-ruled territories on the Malay Peninsula formed the Federation of Malaya, which became independent in 1957. Malaysia is formed by 13 states varying in size from 244 sq.km (Federal Territory Kuala Lumpur) to 124,449 sq.km (Sarawak). Recent total population of Malaysia is about 25,790,954 (Department of Statistics Malaysia, 2004). In Malaysia, government intervention through a well structured system in urban planning was evolved since the introduction of Federated Malay States in 1921 by Charles Reade (Goh, 1988). It then continued with 5 year development plans which included the policies, strategies and general proposal of the whole country, state government and local plans to guide the development. Independent governments then set up the First Malaya Plan in 1956 and this national plan was continually reviewed every 5 years. Housing provision is the focal aspect of each national development plan since aforementioned period until the recent Eighth Malaysia Plan (2001-2005).

2.0 DEFINING HOUSING

What is meant by the term 'housing'? This is an inevitable question for this discussion. Housing is a central issue in this study and it is very important to define and understand the meaning of 'housing' before going any further. The word 'house' has many synonyms to interpret such as 'home', 'shelter', 'dwelling', 'accommodation', 'messuage', 'maisonette' etc. There is no single definition about housing and people all over the world know the meaning of a 'house' by their own perspective. In English, the word 'housing' can be used as a noun or as a verb. When used as a noun, 'housing' describes a commodity or product. The

verb 'to house' describes the process or activities of housing. The Oxford Advanced Learner's Dictionary of Current English (1995) defines house in two ways. First it is "... a building made for people to live in" and second it is "...to provide a house or building for somebody to live in or for something to be kept in". Both definitions would seem to be best linked to the concept of housing provision delivered by individual, public or private. It also defines shelter as "...to provide somebody/something with protection from the weather, danger, etc". In addition, it also defines home as "...the place where one lives, especially with one's family". With regard to the house definition, Wikipedia Encyclopedia (2005), defines house in its most general sense as a human-built dwelling with enclosing walls and a roof. It provides shelter against precipitation, wind, heat, cold and intruding humans and animals. 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 typically are home at least for sleeping (Wikipedia Encyclopedia, 2005).

Specifically, in Malaysia, the explanation of the word housing is integrated with the word 'housing accommodation'. The argument about the word 'Housing' as amended, went through 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) & Regulations as "includes 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 house buyers protection. Internationally, Habitat Agenda (1996) came out of the Habitat II conference in Istanbul, Turkey. Adopted by 171 countries, Paragraph 60 of the Habitat Agenda defined 'house' from the perspective of the users. It combined the word 'shelter' with the word 'adequate' then became 'adequate shelter'. Adequate shelter means:

'more than a roof over one's head. It also means adequate privacy; adequate space; physical accessibility; adequate security; security of tenure; 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; and 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'

Therefore, this definition is also appropriate for the context of provisioning a house to be sheltered by human beings. In addition to that, it must also complement seven aspects that form the integral component of the human rights to acquire adequate housing which includes legal security of tenure; availability of service, material, facilities and infrastructure; affordability; habitability; accessibility; location; and 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 shows that these seven components should be taken into account before developing a decision framework of *structure* and *agents* strategies, interest, and actions in the delivery of housing provision. In a process of provisioning housing to the nation all the agents should be aware that there is a need to protect human rights as well as a purchaser's protection as an ultimate user.

3.0 DEFINING HOUSING PROVISION

There are many definitions of housing. Oxford Advanced Learner's Dictionary of Current English (1995) defined '*provision*' 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 "provision" should not only refer to as 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). According to Ball and Harloe (1992), housing provision involves a physical process of creating and transferring a dwelling 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 such housing provision, we should not ignore the institutional and other structures within which it takes place nor should we forget the social agencies engaged in such *structures* (Ball and Harloe, 1992).

Oxford Advanced Learner's Dictionary of Current English (1995) defines a '*structure*' as "...*the way in which something is organised*". Dictionary of Sociology (1998) defines the word '*structure*' as "...*a term loosely applied to any recurring pattern of social behaviour; or more specifically, to the ordered interrelationships between the different elements of social system or society*". This definition is closely related to the *structuration* theory developed by the British social theorist Anthony Giddens which is 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 practices constitute and reproduce social systems in a society. The word *society* 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). Structures, for Giddens, are not something external to social actors but are rules and resources produced and reproduced by actors in their practices. He also argued that structure and agency cannot be conceived of apart of another. Structures are neither independent of actors nor determining of their behaviour. Rather, they are a set rules and competencies on which actors draw and which, in the aggregate, they tend to reproduce over time.

In the context of this paper, the word provider is more relevant to social agents who are interacting in the social process of housing provision. This social process created a relationship between the *strategies*, *interest* and *actions* of the various agents involved in the development process-landowners, investors, developers, consultants, public agency planning officers, politicians and community groups-and the organisation both of economic and political activity and of values about land, property, buildings and environments which and the of this process it will frames or structures their decision making (Healey and Barrett, 1990). Some housing scholars referred to these agents as actors for the development process. As an example, according to Fisher and Collins (1999), housing development is undertaken by variety of actors each also distinguished by their *aims*, *status* and *roles*. Social agents are associated with creating and sustaining a particular set of housing conditions, costs and

benefits (Ball and Harloe, 1992). In conclusion to the discussion about structure and agent in housing development process, Ball (1986) came out with his Structural Housing Provision (SHP) approach which comprised that “*a structure of housing provision describes a historically given process of providing and reproducing the physical entity of housing, focusing on the social agents essential to that process and the relation between them*”. The core of his analysis is that the production and consumption (that is, provision) of buildings are not only the physical process of creating and transferring such artefacts to their occupiers, but also a social process dominated by the economic interests involved (Gore and Nicholson, 1991).

4.0 HOUSING POLICIES IN MALAYSIA

Housing is a subject in which history is very important. In a world where more than one billion people continue to live in inadequate housing conditions, the imperative of renewed attention to the realization of housing policies takes on urgency. Malaysia government needs to play their roles and responsibilities to ‘*take steps by all appropriate means*’ to ensure the full and progressive realization on their housing policies (Ismail and Sulaiman, 2005). The term ‘*housing policy*’ is used in different ways and covers a multitude of activities. The word ‘*policy*’ is notoriously difficult to define with any precision (Hill and Bramley, 1986). According to Bauer and Gergen (1968), the term policy is used to describe “*those parameter shaping acts*” and “*strategic moves that direct an organisation’s critical resources towards perceived opportunities in a changing environment*”. 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). Van Hyuck (1986) believed that housing policy is the implementation mechanisms to make a fundamental switch from a concern about housing as an *output* to housing *inputs*. In terms of government responsibilities in delivering adequate shelter, Paragraph 61 of the Habitat Agenda (1996) cited that;

“all government without exception have a responsibility in the shelter sector, as exemplified by their creation of ministries of housing agencies, by their allocation of funds for the housing sector and by their policies, programmes and projects. The provision of adequate housing for everyone requires action not only by governments, but by all sectors of society, including the private sector, non governmental organizations, communities and local authorities, as well as by partner organizations and entities of the international community. Within the overall context of an enabling approach, Government should take appropriate action in order to promote, protect and ensure the full and progressive realization of the right to adequate housing.”

Historically, in the earlier 50’s, Malaysia was also facing the same problems like other developing countries/Third World countries, such as unbalanced population, spatial and urban growth, large scale deprivation and unmet housing, employment and transportation needs, deteriorating environments and inadequate basic services, shortages of public fiscal resources and qualified manpower for effective plan implementation and management, uncoordinated national and municipal urban policies and inadequate organizational structures, costly imported finance and inappropriate planning ideas and technology and the absence of meaningful public participation in the planning and development process (Blair,

1983). These problems have been added by Ginsz (1983) who cited that in the urban sector, a major problem is the population explosion of Third World cities, initially due to rural migration, but more recently due to the natural growth of the urban areas themselves. In the late 1960s, not only were the housing policies ineffective in dealing with the real housing problems in Asia, but they were superimposed on extremely weak housing institutions and housing finance organizations were almost non-existent in the Asian region (Van Hyuck, 1986). According to Ginsz (1983), in the early 1970s the World Bank overall philosophy towards urban funding evolved considerably. Development of the poorest countries inherently has speeded up more shelter development by using World Bank urban lending in Third World Urban Poverty Programmes including Asian countries (Blair, 1983). Pugh (2001) believed that individual nations develop their housing and urban policies within their own political, economic and cultural conditions World Bank and other international aid agencies have had powerful impacts on promoting and applying their favoured (and changing) theories and practices in housing. Theories, ideas and '*learning by doing*' experiences have been central in much housing in developing countries, but always within the constraints of macro economic development and underdeveloped institutions in housing and urbanization.

Malaysia also developed their housing policies experience gathered from developed countries. Goh (1988) brought the evidence that in early 1970s, Malaysia adopted an extensive system of planning controls based on the planning system used in England and Wales. Forrest *et.al* (2000) revealed that the conceptions of housing systems in the South East Asia countries including Malaysia, tend to be largely developed from literature and research in Western countries. However, Pugh (2001) added that some different situational factors might have occurred in the policies such as rates and volume of demographic growth, pattern of economic growth, low, intermittent and uncertain income level, and different policy from the use of considerations such as housing standards, affordability, property rights tenure, methods of land development and evaluations of poverty, between developed and developing countries. In addition, in different countries there are different institutional frameworks of housing provision: for example, regarding social housing and mortgage finance institutions, the house building industry and its sub sectors and land ownership and the role of the state (Harloe and Martens, 1984).

Formally, formal housing provision in Malaysia has been planned through Five Year Development Plans. Malaysia government has launched a range of policies since colonial administration until the latest Eighth National Plan (2001-2005) as the federal government's effort to encourage and give higher priority to a housing development programme for the nation. In practice, Malaysia government over many years has presented policies with differing emphasis between the public and private sectors in their own framework of economic system. Various types of housing scheme have been chosen and development targets implemented in over 50 years. **Table 1** below shows the focus of housing policies in each of the 5 year development plans in Malaysia.

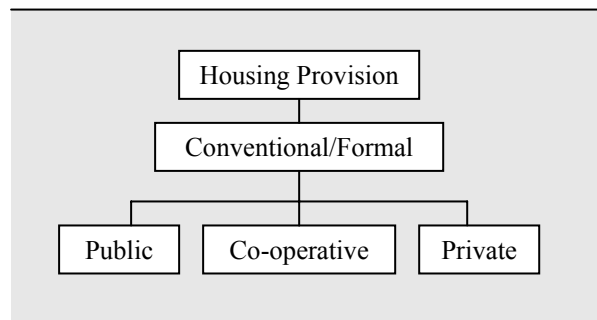
Table 1: Plan Period and Focus of Attention for Malaysia Housing Policies in 5 years development plan

Plan Period	Focus of Housing Policies
<i>Colonial administration and pre-independence (1950-1954)</i>	Economic development is following 'divide and rule' policy introduced by colonial British administration. Government provided housing facilities for its employees in the public services through Housing Trust. Government focused their attention on the development of rural public low cost housing units. Government roles in housing can be summarized as 'ad hoc in nature'.
<i>First and Second Malaya Plan (1956-1965)</i>	Government started with 5 year national development plan. Housing was not mentioned as one of the major objectives but government started their action to produce more housing units through Housing Trust. Government still more concerned with providing housing for its employees and low cost housing was given lower priority. Housing policies objective are 'general in nature'. Government use housing as a tool to curb rural-urban migration, and to reduce the squatter and overcrowding problems. Government started to open up new land under the establishment of Federal Land Development Authority (FELDA) in 1956.
<i>First Malaysia Plan (1966-1970)</i>	Formal and structured housing programmes were started. Main agenda is to foster national unity for Malaysia in the three races consisting of Malays, Chinese and Indians after the May 1969 riots. Government started to focus on low cost housing to meet the needs of the poor especially the Bumiputeras (<i>indigenous people of Malaysia</i>). Government promoted the welfare of lower income groups, relief of congestion and combat the squatter problem. Government encouraged private sector to complement the public sector to provide low cost housing.
<i>Second Malaysia Plan (1971-1975)</i>	This plan was drawn up within the context of the New Economic Policy (NEP), since 1971 to foster national unity and nation through eradication of poverty, employment opportunity, irrespective of race and to eliminate identification of race with economic function. Government started to introduce a quota system in housing which at least 30 per cent were allocated to Bumiputeras.
<i>Third Malaysia Plan (1976-1980)</i>	The aim is to ensure that all Malaysian in particular the lower income groups have access to adequate housing. Government was counting on FELDA to implement land development of housing for rural immigrants in the regional development areas. Role of private sector was significant and government encouraged private developers to cater housing for middle, higher and, lower income groups through joint venture with public agencies. Nation still implements strategies to achieve NEP, supported by increasing industrial development.
<i>Fourth Malaysia Plan (1981-1985)</i>	Overall goal of housing development is to ensure that all Malaysians have access to adequate housing. To meet this objective, emphasis was given to increasing the supply of low cost houses in urban area, while in the rural areas priority was accorded to the provision of basic amenities. 60 agencies in the public and private sector were started involved in the implementation of housing construction programme. 70 per cent of programme is towards urban centre. Government launched Privatisation and Malaysia Incorporated policy within this period. Government also introduced the guideline to implement a concept of low cost housing for both public and private sector.
<i>Fifth Malaysia Plan (1986-1990)</i>	Housing programme began to be implemented along the concept of human settlement. Government emphasised private sector to stimulate housing development. The provision of social facilities was emphasised alongside the provision of housing. Integrated human settlement programme known as New Growth Areas (NGAs) was first introduced in Kuala Lumpur. Village regrouping programmes were launched in rural areas. Government had proposed that the public sector merely facilitated private sector investments in large scale development. However, public sector participation was limited to public works and agricultural development.
<i>Sixth Malaysia Plan (1990-1995)</i>	During this period the main focus of housing development was to provide the adequate, decent and affordable housing units for enhancing the quality of life, social cohesion and national unity among various levels and ethnic groups in the country. The policy was geared towards attaining the objectives of the National Development Plan (1991-2000) which aimed to eradicate poverty and restructure society to correct social, economic and regional imbalances and thereby national unity. Government also emphasised subsidised housing for the very poor, low interest housing loans, element of cross subsidies in mixed development and intensifying research and development activities.
<i>Seventh Malaysia Plan (1996-2000)</i>	Various housing programmes were undertaken by both the public and private sectors developers. Private sector focused more on overall market demand, the public sector continued to provide house for sale or rent to the low income groups and housing for public sector employees. The private sector played a significant role in undertaking programmes to provide low cost, medium and high cost houses as well as housing for estate and industrial workers. Housing programmes continued to be implemented based on the human settlement concept, whereby housing estates were provided with communal and recreational facilities.
<i>Eighth Malaysia Plan (2001-2005)</i>	During this period, efforts continue to be undertaken to expedite housing development in order to meet the increasing demand of the population, particularly of the low/medium income cost houses. The policy thrusts in this period are to provide adequate, affordable and quality houses for all income groups with emphasis on the development of low and low medium cost income. Government also seeks to improve the delivery and quality of houses and fostering harmonious living among the various communities as well as trying to enhance the aesthetic aspects of life through greater participation in sports, recreation and cultural activities.

(Source: Adapted from Sulaiman *et.al*; 2005)

6.0 MODES OF FORMAL HOUSING PROVISION CONTEXT

Systems or modes of housing provision can be defined by the processes through which such provision is achieved (Keivani and Werna, 2001). Modes of housing provision 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). According to Keivani and Werna (2001), within the overall socio economic, political and cultural structure of housing provision in developing countries a bipolar sub-division of conventional/unconventional or formal/informal structures or modes of housing provision can be identified. Based on a typology of housing provision in developing countries or Third World countries developed by Drakakis Smith (1981), a conceptual model of formal modes of housing provision in developing countries can be subdivided into three main structures. See **Fig 1** below.



(Source: Drakakis-Smith, 1981)

Fig 1: A conceptual model of formal housing provision in developing countries

Table 2: Modes of Housing Provision in Developing Countries

Formal Modes of Housing Provision		
Government Housing Provision	Private Sector Housing Provision	Public Private Joint Venture Schemes
<ul style="list-style-type: none"> • Direct government housing provision • Indirect government housing provision <ul style="list-style-type: none"> - Site and services - Settlement upgrading - Cooperative housing 	<ul style="list-style-type: none"> • Formal Private Housing Development by Individual Owner Occupiers • Commercial Formal Private Housing Development • Joint Venture between Small Scale Developers and Land Owners • Developer-community co-operation 	<ul style="list-style-type: none"> • Public Private Joint Venture Schemes

(Source: Keivani and Werna, 2004)

Formal mode of housing provision represents housing that is “*produced through the official channels of recognised institutions, e.g planning authorities, banks and building and land development companies, and observing formal legal practices, building standards and land use and subdivision regulations*”. The informal group of housing provision, on the other hand represents “*those housing units which are usually produced outside official channels without official development permits and do not conform to land use and subdivision regulations*” (Keivani and Werna; 2001, Drakakis-Smith;1981). This paper will only discuss formal modes of housing provision in Malaysia constructed by public and private sector developers. Malaysia is committed to providing adequate and affordable housing for its population. This

is reflected not only in announcements made by its political leaders, but also in the government's annual budgets and development plans. According to Van Hyuck (1986), public and private housing programmes must be allocated to the real needs of all income groups, particularly low income groups as one of the values of housing policy. In Malaysia, public and private developers are responsible for providing housing for the nation. In each development plan, government has specified various types of formal housing programmes to be delivered by both developers.

6.1 During Colonial Administration and Pre Independence Period (1950-1954)

During this period formal housing mode was delivered by British Government under 'divide and rule' policies. Most of housing units were developed for British employees (Agus, 1997). According to Soo Hai and Hamzah Sendut (1979), the British administration had provided housing facilities for its employees in public institutions such as schools, police station, hospitals and district offices. Public agency through Housing Trust started to provide rural public low cost housing programmes in 1950. The Trust did not provide any loans for the purchasers and all transactions had to be paid in full either in cash or through loans provided by institutions such as Malaya Borneo Building Society (MBBS) (Endan,1984). 937 units housing has been targeted during the period but only 311 or 33.2 per cent of housing units were completed (Federation of Malaya, 1956), although it was realized that 30,000 units of housing were required yearly for the country and 95 per cent should be for the low income group (Endan, 1984). Government also provided housing for the resettlement of Chinese residents (communist sympathisers and supporters) in the 550 New Villages for 650,000 people within 1946-1957 (Sandhu, 1964; Rabieyah, 1978; Endan, 1984; Agus, 1986). During this period the government role in housing can be summarized as 'ad hoc in nature' (Endan, 1984). Even though housing provided on the New Villages basis was ad hoc in nature, it nevertheless solved some of the housing problems (Rabieyah, 1978). The housing programmes were carried out in response to particular problems rather than on a planned, coordinated and comprehensive basis (Yusoff, 1993). There is no precise information regarding private sector contribution in provisioning formal housing during this period.

6.2 First and Second Malaya Plan (1956-1965)

This period spanned two five year development plans. Housing was not mentioned as one of the major objectives under the First Malaya Plan. Government was more concerned with providing housing for its employees and low cost housing was given a lower priority. Under Second Malaya Plan, however, it was stated as an objective although very general in nature, i.e, "...to assist in large measure in the provision of housing and to provide more adequately for rural and urban utilities" (Federation of Malaya, 1961). The initial concern of government was to build houses only for sale but this has shifted to include houses for rent too. In 1964 the Ministry of Housing and Local Government (MHLG) was set up (Endan,1984, Abdul Kadir *et.al*,2005). This was a significant move by the government and it was in line with the Malaysian constitution promulgated in 1963 (Endan,1984). National formal housing provisioning programme, known as Federal Land Development Authority (FELDA), was also started. 14 resettlements schemes were resettled under FELDA (Rabieyah, 1978,

Endan, 1984; Agus, 1997). It was estimated that about M\$850 (€175) million was invested in housing during 1961-1965 but government spent M\$45 (€9.24) million for low cost housing and M\$25 (€5.13) million on employee housing (Endan, 1984). Malaya Borneo Building Society (MBBS) started giving loans for private sector housing development. In total, the private sector supplied 90 per cent of the housing during this period while the public sector only supplied 10 per cent (Yusoff, 1993).

6.3 First Malaysia 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). One noticeable feature of this period was that the government, for the first time, was coaxing the private sector to complement the public sector in its effort to provide low cost housing. To attract the private developer's participation, the government, in its First Malaysia Plan document, mentioned that it will encourage and give assistance to private developers (Yusoff, 1993). Government's intervention in the housing market at this period also started to focus on low-cost housing to meet the needs of the poor, especially the Malays, who are considered as *Bumiputera (indigenous people of Malaysia)* (Rehda,2002).Government stipulated several eligibility requirements for its low cost houses. The applicant must be a Malaysian citizen; 21 years old or older, have stayed for a certain minimum number of years where the houses to be built, family income must not exceeded M\$300(€62) per month (Endan, 1984 and Yusoff, 1993). During the same period Housing Trust also initiated a '*Crash Program*' a year before the General Election 1969. The aim of '*Crash Program*' was to build 5,000 units houses in about 100 towns (Yusoff, 1993). Under this plan period 21,790 units were completed of the total 30,000 units planned (Endan, 1984). To encourage participation by private sector developers in his 1966 Developments Estimates in a speech to the House of Representative (Government of Malaysia, 1965), 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 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 tin providing low cost houses”

Since then, in 1969, the Housing Developers (Control and Licensing) Act 1966 came into effect and requires that developers register with MHLG. Section 7(1) of the Act requires a developer to submit biannual reports to Ministry's Licensing Division, detailing planned and completed housing schemes (Johnstone, 1980).

6.4 *Second Malaysia Plan (1971-1975)*

The country had just recovered from the aftermath of the May 13th, 1969 incident. Housing Trust has been dissolved in 1972 and replaced by National Housing Department (Endan,1984).This plan was drawn up within the context of the New Economic Policy (NEP). NEP strategies were initiated to foster national unity and nation building through eradication of poverty, employment opportunity, irrespective of race, and to eliminate identification of race with economic function (New Economic Policy, 2004). For the whole plan period, about 259,810 houses were built by the public and private sector. Public Housing Scheme had been launched. Some low income applicants are selected by FELDA to resettle in agricultural land scheme. Site and services approach to housing also recommended and financed by the International Bank for Construction and Development (Endan,1984). Most of the public housing was built by federal agencies such as FELDA and Council of Trust for the Indigenous People (MARA) and most of it is located in urban areas (Johnstone, 1980). 'Core Housing' concept has been introduced to provide very basic shelter requirements for lower income families and allowing them to expand and improve their housing as their economic condition improves (Yusoff,1993). Cooperative Societies, Malaysia Building Society Berhad (MBSB) (*formerly known as Malaya Borneo Building Society-MBBS*) and private financial institution started to provide loan to their members housing units especially to private sector developers (Endan, 1983 and Yusoff, 1993). Private sector developers also started to concentrate on the construction of houses for the middle and higher income groups. Government introduced a quota system in housing development in which at least 30 per cent of houses to be built were allocated to *Bumiputeras* (Agus, 1997). Johnstone (1980) also stated that, the summary of official national housing statistics indicates that during this period a total of 260,000 housing units were constructed, of which over 67 per cent came from the private sector.

6.5 *Third Malaysia Plan(1976-1980)*

Various housing scheme were introduced consisting of Public Housing Schemes, Federal Agencies and Regional Development Authorities Public Housing Programmes, Institutional Quarters and Other Staff Accommodation Scheme, Sarawak and Sabah Land Development Boards, Aborigine People Department, State Economic Development Corporation (SEDCs) commercial housing program, SEDCs own funded/joint venture projects and other state projects, Government Officer Housing Company and other minor housing programmes (Government of Malaysia, 1976). According to Yusoff (1993) government realized that there were some factors contributed to the housing performance during this period such as coordinating implementation between housing agencies, urging private developers to play a more active role in housing, stressing the importance of physical planning in housing development, encouraging industrialists to build housing for their workers and ensuring adequate supply of building materials. Government of Malaysia (1976) also highlighted the issues of housing cost because it was estimated that households earning less than M\$400 (€82) per month, or about 70 per cent of the urban population, cannot afford to purchase or rent most of the housing constructed by government agencies. It also stated that government tried to curb land speculation,

increasing the supply of building materials, expanding the supply of construction workers, and stepping up research in cost reducing methods of construction. Private developers, expected to cater to the middle and higher income groups, were encouraged to build low cost houses either on their own or through joint ventures with public agencies. Housing Developer Association of Malaysia (HDA) was established in this period. Government also launched a financing scheme through MBSB for houses costing below M\$20,000 (€4107) per unit to the private developers (Endan, 1984). The government targeted under this period that 482,800 housing units would be built, including 220,800 units by public sector, and 58.5 per cent as low income units. A total of 262,000 units were developed by the private sector (Endan, 1984). However, the actual completed housing units delivered by public and private developers during this period were 121,510 and 362,680 respectively (National Housing Department, 2001).

6.6 Fourth Malaysia Plan (1981-1985)

Housing schemes delivered by public sectors included public low cost housing scheme, government agencies and regional development authorities housing programme, institutional quarters and other staff accommodation and medium and high price housing programme. According to Monerasinghe (1985) approximately 70 per cent of this programme is directed towards the urban centre. Medium and high price developments were implemented through government agencies known as Urban Development Authority (UDA); State Development Corporations of Peninsular Malaysia and the Borneo Development Corporation in Sabah and Sarawak (Agus,1997). In 1983, Government has launched Privatisation and Malaysia Incorporated policy to encourage private sector in helping government to develop the nation. Federal government also encouraged the private sector to lead in providing the stimulus for economic growth and to spearhead further development in public housing programmes. Both the public and private sectors participated actively in constructing the low income housing programmes. However, private sector has often been stigmatised as a body which perpetuated only the interest of the middle and upper classes, and its own profit maximisation motives in its endeavours (Agus,1997). Another important issue during this period was the introduction and implementation of a concept of low cost housing incorporating the following characteristics;

1. Selling price: not exceeding RM25,000 (€5133) per unit;
2. Target groups: households with a monthly income does not exceeding RM750(€154);
3. House type: flats, single storey terrace or detached houses, and;
4. Minimum design: standard built up area of 550-600 square feet, two bedrooms, a living room, a kitchen a bathroom-cum-toilet.

However, overall responsibility for the low cost housing programme is vested with the Ministry of Housing and Local Government (MHLG) (Monerasinghe,1985). Endan (1984) cited that public housing schemes undertaken by the states and Federal Territory constituted 44 per cent of the public sector programme. Government also required private developers to ensure that 30-50 per cent of the units in all proposed housing projects be low cost housing units (Yusoff, 1993). LCH units under this scheme were rented for a minimum period 10 years, with option to purchase at the end of the period. Out of the target of 1,043,300 housing units, 38 per cent (398,570

units) had been allocated to be delivered by the public sector while the balance of 62 per cent (644,730 units) by the private sector. However, the actual performance of housing units delivered by public and private developers during this period was 190,045 and 524,730 respectively (National Housing Department, 2001).

6.7 *Fifth Malaysia Plan (1986-1990)*

Housing programmes began to be implemented along the concept of human settlement. The provision of social facilities such as schools, clinics and community halls was emphasised alongside the provision of housing. The integrated human settlement programme was first introduced and implemented in Kuala Lumpur's New Growth Areas (NGAs) located at the fringes of the city. Four areas were designated as NGAs including Wangsa Maju, Bandar Tun Razak, Bukit Jalil and Pusat Bandar Damansara (Agus,1997). This was a continuation of the national development strategy to upgrade the quality of life and to promote national unity. The implementation of this development concept was accepted gradually by public sector and later continued by private sector developers (Agus,1997). 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 also increased which is categorized as private developers housing units, other housing units, cooperative societies and individual and groups (Monerasinghe, 1985). Public sector participation was limited to public works and agricultural development. Within this period, 701,500 units of housing were required. Private sector was expected to construct about 552,500 units of houses; public sector was expected to develop approximately 21 per cent or 149,000 units of houses. However, actual completed housing units delivered by public and private developers during this period were 97,126 and 203,802 respectively (National Housing Department, 2001).

6.8 *Sixth Malaysia Plan (1991-1995)*

Sixth Malaysia Plan outlined strategies to build sufficient number of housing units as well as to expand and develop the housing industry. One of the strategies was to build sufficient number of low and low medium costs houses where the housing shortage was acute. According to Agus (1997), housing policy in the Sixth Plan was geared towards attaining the objectives of the National Development Plan (1991-2000) and at the same time still maintain the basic strategies of NEP which aimed to eradicate poverty and restructure society to correct social, economic and regional imbalances and thereby contribute towards national unity. Strategies were formulated to enable accessibility of the low income groups to housing in the country. The strategies in this period were emphasised on subsidised housing for the very poor, low interest housing loans, element of cross subsidies in mixed developments and intensifying research and development activities (Housing Statistics Bulletin, 1995). Housing schemes delivered by public sector during this period included Public Low Cost Housing (PLCH), Site and Services Housing Scheme, Housing Loan Scheme (HLS), Housing under Land and Regional Development, Economic Development Agencies Housing Programme, Institutional Quarters and other Staff Accommodation. Private sector housing development also increased. The housing schemes included Licensed Private Developers Housing Units, Special Low Cost Housing Programme (SLCHP),

Cooperative Societies Housing and Individual and Groups Housing. Housing within this period also incorporated human development concept through 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 housing units were planned to be delivered by both the public and private sectors with greater emphasis placed on the construction of low cost units. Housing Statistics Bulletin 1995 reported about 60 per cent of the total housing target constituted low cost units. However, the actual completed housing units delivered by public and private developers during this period were 84,542 and 562,918 respectively (National Housing Department, 2001).

6.9 Seventh Malaysia Plan (1996-2000)

Various housing programme were undertaken by both the public and private sectors. Private sector focused more on overall market demand, the public sector continued to provide house for sale or rent to the low income group and housing for public sector employees. During the plan period, a total of 800,000 units of houses were planned for construction to meet housing needs. A total of 859,480 units or 107.4 per cent of the plan target was completed. The private sector, which was targeted to build 570,000 units, completed 737,856 units or 129.4 per cent of the target, and mainly built medium and high cost houses (Eighth Malaysia Plan, 2001). In the low cost housing category, the performance of both the public and private sectors was encouraging with a total of 190,597 units completed or 95 per cent of the target. Government launched several strategies to accelerate the implementation of housing programmes such as Low Cost Housing Revolving Fund (LCHRF) to the private sector, the establishment of Syarikat Perumahan Negara Malaysia Berhad (Malaysia Housing Corporation) (SPNB) in 1997 and the introduction of a new pricing scheme for Low Cost Housing units. SPNB was given the responsibility of coordinating and implementing all low-cost housing funds on behalf the public sector. At the same time, SPNB will also be responsible to address the problem of abandoned housing projects. By the end of the plan period, the construction of 3,294 units of low cost houses, 360 units of low medium cost, 1,299 units of medium cost and 542 units of high cost was financed under the LCHRF to the private sector. Since its establishment, SPNB approved RM732.8 (€150) million in bridging loans for the construction of 50,725 units of houses, ranging from low cost to medium cost houses. Under the four-tier pricing scheme, government introduced the price of low cost houses ranging from RM25,000 (€5133) to RM42,000 (€8624) depending on the location and type of houses in year 1998 (Guideline for The New Price of Low Cost Housing, 2002). This was implemented as an incentive to housing developers to participate more actively in providing low cost houses for the public. Housing schemes delivered by public sectors during this period were included Public Low Cost Housing (PLCH), Housing Rehabilitation, Site and Services, Housing by Commercial Agencies, Housing by Land Schemes, Institutional Quarters & Staff Accommodation. Private sector housing development also increased. The housing schemes included Private Developers Housing Units and Cooperative Societies Housing Units.

6.10 Eighth Malaysia Plan (2001-2005)

During the Eighth Malaysia Plan period, efforts continue to be undertaken to expedite housing development in order to meet the increasing demand of the population, particularly of low and low medium income cost houses (Eighth Malaysia Plan, 2001). Housing schemes delivered by public sector during this period included Public Low Cost Housing (PLCH), Housing Rehabilitation, Site and Services, Housing by Commercial Agencies, Housing by Land Schemes and Institutional Quarters & Staff Accommodation. Private sector housing development also increased and included Private Developers Housing Units and Cooperative Societies Housing Units. A total of 615,000 units of houses were targeted to be built by both public and private sectors during the plan period. A total of 312,000 were targeted to be built by public developer and 303,000 were targeted to be built by private sector developer. Mid Term Review (2004) reviewed the achievement of Eighth Malaysia Plan in year 2003. At the end of the review period in year 2003, it showed about 461,972 units or 75.1 per cent were completed. Of this total, 339,854 units or 73.6 per cent were built by the private sector and the balance by the public sector. However, the achievement by the public sector was lower than the target mainly due to the delay as a result of difficulties in identifying suitable site and the resettlement of squatters (Mid Term Review of the Eighth Malaysia Plan 2001-2005, 2004). The main legislation governing housing industry, the Housing Developers (Control and Licensing) Act, 1966 was amended in 2002 to provide for better protection of both house buyers and developers as well as to ensure proper and healthy development of the housing industry. This act was renamed the Housing Development (Control and Licensing) Act, 1966. In addition, the amendment gave emphasis to quality control and timely completion of housing projects and provided for the establishment of the Tribunal for Homebuyer Claims (Mid Term Review of Eighth Malaysia Plan 2001-2005).

Figure 2 and **Table 3** below portray the types of formal modes of housing provision in Malaysia delivered by public and private sector developers since the colonial administration and pre independence period until the latest Eighth Malaysian Plan.

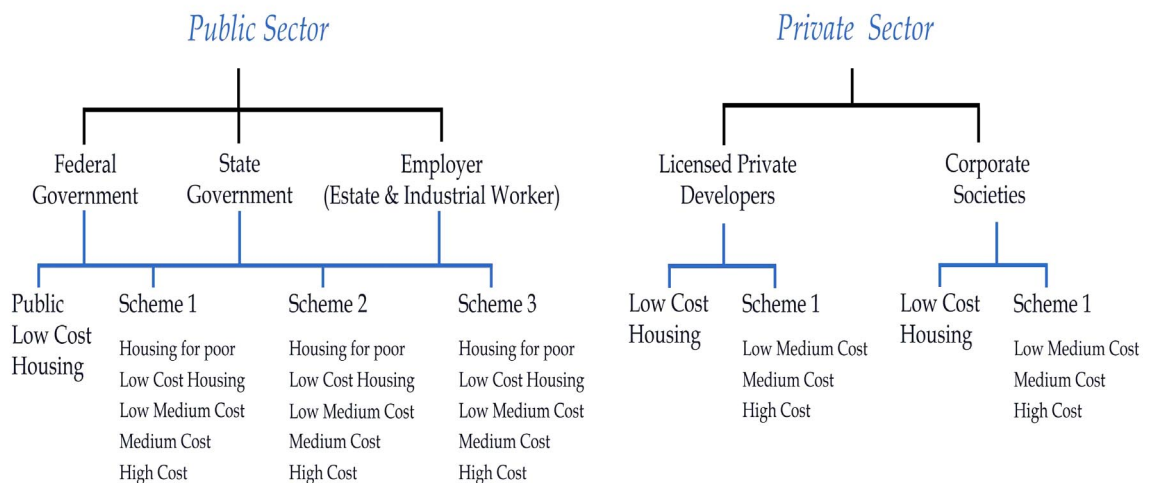


Fig 2: Formal Modes of Housing Provision in Malaysia

Table 3: Types of Formal Modes of Housing Provision in Malaysia

Plan Period	Public Sector	Private Sector
Colonial administration and pre-independence (1950-1954)	Formal housing mode was delivered by British Government under 'divide and rule' policies to their employees. Housing Trust played roles to provide rural public low housing cost programme and resettlement resident programme. Houses sold at cost price including the cost of all infrastructures. 95.1 per cent housing units should be for low income group.	There is no precise information regarding private sector contribution in provisioning formal housing.
First and Second Malaya Plan (1956-1964)	Public sector developers started their action to produce more low cost housing units through Housing Trust. Government still more concerned with providing housing for employees and low cost housing was given lower priority. Governments built houses for sale and rent too. MHLG had been set up. National formal housing programme through agency like FELDA also started to open up new land under. In 1957, rural public low cost housing has actively involved state government areas. Government spent 70 million for low cost and employee housing.	MBBS started giving loans for private sector housing development. 90 percent housing built for private sector including individual units. Individual units were considered as private units during this period.
First Malaysia Plan (1965-1970)	Formal and structured housing programmes were started. 5 years Development Plan has been introduced. LCH is one of the major efforts to be developed. Housing Trust initiated a 'Crash Program' before General Election 1969.	Private sector developers had begun to purchase and develop properties by cooperation with state governments. Private sector developers started to complement public sector to provide low cost housing encouraged by government. Housing Developers (Control and Licensing) Act 1966 came into affect requires that developers to register with MHLG.
Second Malaysia Plan (1971-1975)	During this period, Housing Trust has been dissolved and the responsibility given to State Government under National Housing Department. Higher inflation rate meant housing development slowly accelerated. Public Housing Scheme launched. Low income applicants that are selected by FELDA are resettled in agricultural land scheme. Site and services approach to housing was recommended by the World Bank. Core Housing concept also has been introduced.	Cooperative Societies started to deliver housing units. Private sector developers started to concentrate on the construction of houses for the middle and higher income groups. 30 per cent of housing units must be allocated to Bumiputera also subject to a discount to 15 per cent in a certain areas.
Third Malaysia Plan (1976-1980)	Housing development much more actived in public sector. Various housing scheme introduced consist of : <ul style="list-style-type: none"> • Public Housing Schemes • Federal Agencies and Regional Development Authorities Public Housing Programs • Institutional Quarters and Other Staff Accommodation Scheme • Sarawak and Sabah Land Development Boards, Aborigine People Department • State Economic Development Corporation (SEDCs) commercial housing program • SEDCs own funded/joint venture projects, other state projects, Government Officer Housing Company and other minor housing programs. 	Private sector housing development also increased. The housing schemes included private developers, cooperative societies and individual and groups. 30 per cent of housing units must be allocated to Bumiputera also subjected to a discount of 15 per cent in a certain areas.
Fourth Malaysia Plan (1981-1985)	Low cost housing has been introduced to be implemented in both sectors. Housing schemes delivered by public sectors included: <ul style="list-style-type: none"> • Public low cost housing scheme • Government agencies and regional development authorities housing programme • Institutional quarters and other staff accommodation • Medium and high price housing programme 	Private sector housing development also increased. The housing schemes included private developers, cooperative societies and individual and groups. 30 per cent-50 per cent of housing units must be allocated to Bumiputeras.

Plan Period	Public Sector	Private Sector
<i>Fifth Malaysia Plan (1986-1990)</i>	<p>The approach to housing development adopted was based on the provision of houses not only through outright purchase but also through renting. Housing units under this scheme could be rented for a minimum period of ten years and government also gave an option to purchase it at the end of the period. Housing schemes delivered by public sectors included:</p> <ul style="list-style-type: none"> • Public low cost housing scheme • Housing in land schemes • Institutional Quarters • Commercial agencies 	<p>Private sector housing development also increased. The housing schemes included private developers, other housing units, cooperative societies and individual and groups. 30 per cent of housing units must be allocated to Bumiputeras.</p>
<i>Sixth Malaysia Plan (1986-1990)</i>	<p>Housing schemes delivered by public sectors during this period included:</p> <ul style="list-style-type: none"> • Public low cost housing (PLCH) • Site and Services Housing Scheme • Housing Loan Scheme (HLS) • Housing Under Land and Regional Development • Economic Development Agencies Housing Programme • Institutional Quarters and other Staff Accommodation 	<p>Private sector housing development also increased. The housing schemes included:</p> <ul style="list-style-type: none"> • Licensed Private developers housing • Special Low Cost Housing Programme • Cooperative Societies Housing • Individual and Groups Housing • 30 per cent of housing units must be allocated to Bumiputeras.
<i>Seventh Malaysia Plan (1996-2000)</i>	<p>Housing schemes delivered by public sectors during this period included:</p> <ul style="list-style-type: none"> • Public Low Cost Housing • Housing Rehabilitation • Site and Services • Housing by Commercial Agencies • Housing by Land Schemes • Institutional Quarters & Staff Accommodation 	<p>Private sector housing development also increased. The housing schemes included:</p> <ul style="list-style-type: none"> • Private Developers • Cooperative Societies • 30 per cent of housing units must be allocated to Bumiputeras.
<i>Eighth Malaysia Plan (2001-2005)</i>	<p>Housing schemes delivered by public sectors during this period included:</p> <ul style="list-style-type: none"> • Public Low Cost Housing • Housing Rehabilitation • Site and Services • Housing by Commercial Agencies • Housing by Land Schemes • Institutional Quarters & Staff Accommodation 	<p>Private sector housing development also increased. The housing schemes included:</p> <ul style="list-style-type: none"> • Private Developers • Cooperative Societies • 30 per cent of housing units must be allocated to Bumiputeras.

7.0 PUBLIC AND PRIVATE SECTOR DEVELOPERS PERFORMANCE IN MALAYSIA

No single body has the responsibility for providing housing in every country, either public sector or in the private sector. Instead there are a number of organisations, each filling a particular niche in the overall housing framework. In certain developing countries, the government is an important source of housing for the urban poor (Drakakis-Smith, 1981). As we know, the public sector is that part of economic and administrative life that deals with the delivery of goods and services by and for the government, whether national, regional or local/municipal. Indeed, public services is a term usually used to mean services provided by government to its citizens, either directly (through the public sector) or by financing private provision of services (Wikipedia Encyclopedia, 2005).

Habitat Agenda (1996) stressed that government should take appropriate action as exemplified by their creation of ministries of housing agencies, by their allocation of funds for the housing sector and by their policies, programmes and projects. In addition, this agenda

also believed that the provision of adequate housing for everyone requires action not only by governments, but by all sectors of society, including the private sector, non governmental organisations, communities and local authorities, as well as by partner organization and entities of the international communities. Van Hyuck (1986) quoted that de-emphasizing the public sector role in housing construction and moving this responsibility to the private sector can increase the efficiency of housing policies. Abdullah and Einseidel (1997) cited that numerous case studies agreed that it is increasingly recognised that government spending programmes in the housing sector are less important and deliberately enable the mobilization of private sector resources to provide for housing needs, particularly for low income households. Okpala (1992) revealed that in some developing countries the share of public housing provision has only been around 10 per cent of the total housing stock. In addition, Keivani and Werna (2001) observed that various housing ministries and organisations have been largely responsible only for policy formulation, 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 might be the causes of these changing responsibilities such as pressure of greater responsibility, bureaucracies and preference 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), and government trying to create relationship with private sector which is mutually beneficial to receive something of value in return (Billand, 1993).

Until now, Malaysia has launched 10 development plans and through these plans government has shown their responsibilities and focus of attention in each. Initially, the focus of attention for national housing development in Malaysia was only to deliver housing units to government employees and low income housing groups. 100 per cent of housing programme was delivered through public agency during the British Colonial Administration and Pre Independence period. However, deliberately government felt that there was an important need to involve private sector for housing the nation since the implementation of First and Second Malaya Plan (1956-1964) in which MBBS has started to provide loans for private sector housing developers. In the First Malaysia Plan (1966-1970) the total target for housing units to be developed was 150,000. In the Second Malaysia Plan (1971-1975), public sector developers completed 86,076 units of housing and private sector developers achieved 173,734 of units targeted. In the Third Malaysia Plan (1975-1980), government has urged private developers to play a more active role in housing. During this period, private sector developers have completed housing units more than the units targeted. (See *Figure 4*). In the Fourth Malaysia Plan (1981-1985), the actual performance of housing units delivered by public and private developers during this period was 190,045 and 524,730 respectively (National Housing Department, 2001). In the Fifth Malaysia Plan (1986-1990), the actual completed housing units delivered by public and private developers during this period were 97,126 and 203,802 respectively (National Housing Department, 2001). Both developers failed to achieve their targeted housing units within this period. The Prime Minister in the conference *'The Securities Industries in Malaysia'* 1983, stated his encouragement to private sector involvement:

“Government the world over is notorious for inefficiency when running enterprises, even aided by monopoly and the authority of Government. On the other hand, 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”

In the same year government launched Privatisation and Malaysia Incorporated policy to encourage private sector in helping government to develop the nation. Government believed that this policy will help to achieve several objectives as following;

1. To reduce government financial burden;
2. To improve productivity and efficiency;
3. To improve economic development;
4. To distribute national resources;
5. To speed up the NEP objectives

Consequently, ten years after the implementation of Privatisation and Malaysia Incorporated policy, the performance of private sector developers has shown their effectiveness in achieving their housing targets. **Figure 3** and **Figure 4** shows the performance of public and private sector developers in Malaysia since the Third Malaysia Plan (1975-1980) until the recent Eighth Malaysia Plan (2001-2005). Regrettably, the implication of government encouragement seems to permit private sector to develop more medium and high cost housing unit because of the profit oriented and more market demand. This issue has been proved in the Sixth Malaysia Plan (1991-1995), Seventh Malaysia Plan (1996-2000) and predicted it will be the same in the Eighth Malaysia Plan (2000-2005) which is the achievement of private sector are more to development of higher cost of housing units.

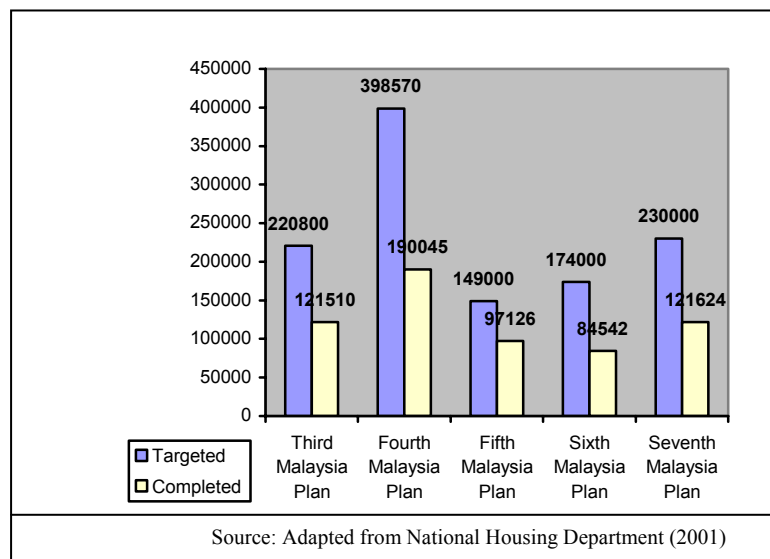


Fig 3: Performance of Public Sector Developers in Malaysia from 1975-2000

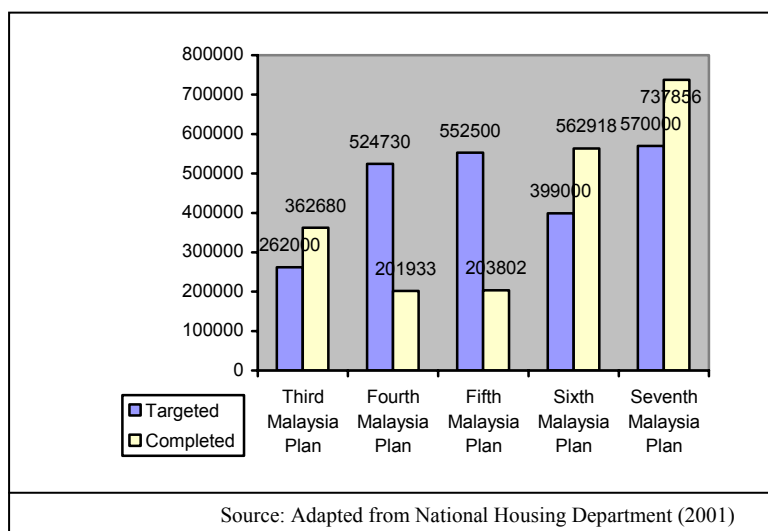


Fig 4: Performance of Private Sector Developers in Malaysia from 1975-2000

Regrettably, the implication of government encouragement seems to permit the private sector to develop more medium and high cost housing units because of the profit and market demand. This issue has been proved in the Sixth Malaysia Plan (1991-1995), and Seventh Malaysia Plan (2000-2005) in which the achievement of the private sector is more for the development of higher cost housing units. **Table 4** shows the percentage of housing units developed by private sector developers within this period.

Table 4: Percentage of housing units developed by private sector during the Sixth Malaysia Plan (1991-1995), Seventh Malaysia Plan (1996-2000) and Eighth Malaysia Plan (2000-2005)

Development Plans	Percentage of Housing Target (%)			
	Low Cost	Low Medium Cost	Medium Cost	High Cost
Sixth Malaysia Plan (1991-1995)	99.00	-	158.60	386.20
Seventh Malaysia Plan (1996-2000)	92.60	22.40	187.50	435.30
Eighth Malaysia Plan (2001-2003)	136.80	45.00	192.90	113.40

Source: Seventh Malaysia Plan (1996), Eighth Malaysia Plan (2001) and Mid Term Review of the Eighth Malaysia Plan (2001-2005),
 * The Eighth Malaysia Plan (2001-2005) is in progress and the above percentage is gathered from Mid Term Review of the Eighth Malaysia Plan (2001-2005) in 2003

The above table shows that the private sector almost succeeded in achieving their targets for low income housing units development during the Sixth Malaysia Plan (1991-1995) and Seventh Malaysia Plan (1996-2000). In the Eighth Malaysia Plan (2000-2005) more low cost housing units had been built until year 2003. It seems like national housing stakeholders succeeded in achieving one of the policy thrusts in the Eighth Malaysia Plan (2000-2005) that is providing adequate, affordable and quality houses for all income groups with emphasis on the development of low and low medium cost houses. The increase in low cost housing units may be because government required private developers to ensure that 30-50 per cent of the units in all proposed housing project be low cost housing units since the Fourth Malaysia Plan (1981-1985). Government reevaluation of low cost housing price in 2002 brought significant impact to the low cost housing performance in the Mid Term Review of the Eighth Malaysia Plan (2001-2005), during which almost 137 per cent of low cost housing units have been developed by both housing developers.

Within these three periods high cost housing units were completed in excess of the targeted units especially in the Seventh Malaysia Plan (1996-2000), in which the high cost housing units reached 435.30 per cent above the targeted units. The household income distribution survey in 1999 revealed that almost 37 per cent of households in Malaysia are the middle income group. The size of middle income households is defined as those earning between RM1,500 and RM3,500 with RM 2,472 as their mean monthly gross income (Eighth Malaysia Plan, 2001). Regrettably, Ministry of Housing and Local Government (MHLG) also mentioned a study that shows that low medium-cost houses were in great demand but short in supply, although medium-cost houses was achieved government target. It was then proven in the Seventh Malaysia Plan (1996-2000) that only 22 per cent for low medium cost houses had been built. (See **Table 4**). The Minister of Housing and Local Government, Datuk Seri Ong Ka Ting also said in 2001 that "*... there are places where low-cost units are not wanted as people are able to afford low medium-cost houses. As such, we should not just build low-cost units and neglect the housing needs of the middle-income group*" (The Star, 2001). Unfortunately, this problem taken place because developers were reacting bullishly with more launches and starts with the higher price of medium cost houses without considering the needs of families in medium income groups even though this group represented almost 40 per cent of Malaysian total population. Mid Term Review of the Eighth Malaysia Plan (2001-2005), shows that the units developed for low medium cost gradually increased. Medium cost and high cost units succeeded in achieving their targeted units in year 2003 but these was a reduction of percentage built for high cost housing units.

8.0 CONCLUSION

This paper found that from the Colonial Administration and Pre Independence period until the Eighth Malaysia Plan 2001-2005 assorted modes of formal housing provision in Malaysia have emerged undertaken by both the public and private sectors developers. Public and private sector developers are really committed to achieving the plan targeted and government has given the assistance, benefit and subsidies to the private sector to develop the nation. Government also succeeded in assisting a large measure of strategies to ensure that low cost housing units could be delivered in each development plan. Various housing schemes emerged and evolved in the development plans and this paper described the schemes in the modes of formal housing provision in Malaysia for over 50 years of development plans. Admittedly, the total of housing target, completed varies in each development plan. However, there is a lack of specific evaluation done to review and assess the achievement of various housing schemes and government strategies for over 50 years of housing development policies in Malaysia. Some of the new schemes implementation is very close to the development plan. Undoubtedly, the performance of public and private sector has changed rapidly over 20 years. However, the public and private sectors should look into the needs of medium income groups because they are actually the largest contributors to the selling of housing units in Malaysia. Accordingly, the higher cost of housing means that very few people can make outright purchase. Government must never lose sight that they should take appropriate action in order to promote, protect and ensure the full and progressive realization of the right to adequate housing in Malaysia for all.

REFERENCES

- Agus, M.R (1986). Politics of Housing. Gateway Publishing House. Kuala Lumpur.
- Agus, M.R (1997). Housing the Nation: Historical Perspective on Housing Development. Cagamas Berhad, Kuala Lumpur.
- Ball, M (1986). Housing Analysis: Time for a theoretical refocus ? Housing Studies (1), No.3. 147-165.
- Ball, M and Harloe, M (1992). Rhetorical Barriers to Understanding Housing Provision: What the 'Provision Thesis' is and is not. Housing Studies (7), No 1. 3-15.
- Bauer, R.A and Gergen, KJ (1968). The Study of Policy Formation. New York. The Free Press, 1968.
- Billand, C.J (1993). Private Sector Participation in Land Development. Guidelines for Increasing Cooperation between Local Government and Private Developers. Habitat International. Vol.17, No.2, pp 53-62, 1993.
- Blair, T.L (1983). World Bank Urban Lending: End of an Era ?. Cities. Butterworth & Co. (Publishers) Ltd.
- Dictionary of Sociology (1998), Oxford University Press; 2nd Edition. United Kingdom.
- Drakakis-Smith, D (1981), Urbanisation, Housing and the Urban Development Process. Croom Helm, London.
- Einseidel, NV and Abdullah, P (1997). Housing the Nation: A Definitive Study (Productivity in Housing and International Experiences II). Cagamas Berhad, Kuala Lumpur.
- Economic Planning Unit (1996). Seventh Malaysia Plan (1996-2000). Percetakan Nasional. Kuala Lumpur.
- Economic Planning Unit (2001). Eighth Malaysia Plan (2001-2005). Percetakan Nasional. Kuala Lumpur.
- Economic Planning Unit (2003). Mid Term Review of the Eighth Malaysia Plan (2001-2005). Percetakan Nasional Kuala Lumpur.
- Endan, I (1984). 'Public Housing Policy in Peninsular Malaysia'. Doctor of Philosophy Thesis. Graduate College of Texas A & M University.
- Federation of Malaya (1956). The Work of the Housing Trust. Kuala Lumpur:Charles Grenier & Co.
- Fisher, P and Collins, T. (1999), The Commercial Property Development Process. Property Management, Vol. 17, No 3, 1999, pp 219-230. MCB University Press, 0263-7472.
- Forrest, R, Lee, J and Kam Wah, C (2000). Editors' Introduction: Focus on Housing in South East Asia. Housing Studies. Vol.15 , No 1, pp 7-10.
- Ginsz, J.L (1983). Organisations World Bank: Catalyst for Third World Urban Development. Cities. Butterworth & Co. (Publishers) Ltd.
- Goh, Ban Lee (1988). Future of Urban Planning in Malaysia. Habitat International Vol.12. No.4 pp 5-12. Pergamon Press. UK.
- Gore, T and Nicholson, D (1991). Models of the Land Development Process: A Critical Review. Environment and Planning A. Vol.23 pp 705-730.
- Harloe, M and Martens, M (1984). Comparative Housing Research. Journal of Social Policy. Vol 13, pp 255-77.
- Healey, P and Barrett S.M (1990). Structure and Agency in Land and Property Development Process: Some Ideas for Research. Urban Studies. Vol.27, No.1, pp 89-104. Pergamon Press, UK.
- Hill, M and Bramley, G (1986). Analysing Social Policy. Basil Blackwell. Oxford.
- Housing Development (Control and Licensing) Act.(Act 118) 1966. International Law Book Services. Kuala Lumpur.
- Ismail, M and Sulaiman, N (2005). Conceptual Overview in Providing Affordable Quality Housing for Malaysia: Policies and Legal Perspective. Housing Research Centre (HRC) Buletin. Universiti Putra Malaysia. Kuala Lumpur.
- Johnstone, M (1980). Conventional Housing Provision in Peninsular Malaysia: Spatial Distortions in a Developing Economy. Habitat International. Vol.5 No.3/4, pp 337-359.
- Keivani R, and Werna, E (2001). Modes of Housing Provision in Developing Countries. Progress in Planning. Vol 55, No.2, pp65-118. Pergamon Press. UK
- Lichfield, N (1978). What is Land Policy. Working Paper 1. International Centre for Land Policy Studies, London.
- Malpass, P and Murie, A (1994). Housing Policy and Practice. 4th Edition. Macmillan Press Ltd. London.
- Monerasinghe, N (1985). Research Needs and Priorities Housing and Construction in Malaysia. Habitat International Vol. No. 9, No.2 , pp. 37-35. Pergamon Press.UK.
- National Housing Department (1995).Housing Statistics Bulletin.Research and Development Division, National Housing Department. Malaysia.
- Okpala, D.C.I (1992). Housing Production System and Technologies in Developing Countries: A Review of the Experiences and Possible Future Trends/Prospects. Habitat International 16(3), 9-32.
- Oxford Advanced Learner's Dictionary of Current English (1995). Fifth Edition. Oxford University Press. United Kingdom.
- Pugh, C (2001). The Theory and Practice of Housing Sector Development for Developing Countries, 1950-99. Housing Studies. Vol.16, No.4, 399-423.

- Rabieyah, M (1978). 'Housing Crisis in Peninsular Malaysia: Public Policy and Housing Needs'. Unpublished Thesis. University Science of Malaysia. Malaysia.
- Sandhu, K.S (1964). The Saga of Squatters in Malaya. *Journal of Southeast Asian History* 5, Part 1, 143-177, 1964. Dept. of History, University of Malaya. Singapore
- Sen, MK (1982). Problems and Obstacles from the View of the Construction Industry in Target 80,000: Malaysia's Special Low Cost Housings Scheme. Institute of Strategic and International Studies Malaysia. Kuala Lumpur.
- Soo Hai, Tan and Hamzah Sendut (1979). Public and Private Housing in Malaysia. Heinemann Educational Books (Asia) Ltd. Kuala Lumpur.
- Sulaiman, N, Baldry, D and Ruddock, L (2005). 'International Comparative Study of Housing Provision: An Initial Study of the Position of Malaysia'. *Proceedings of the 5th International Postgraduate Research Conference. April 11-15, 2005, University of Salford.*
- Tsenkova, S (1998), 'Private Housebuilding and Housing Markets in Transitional Economies: The case of Bulgaria'. Doctor of Philosophy Thesis. Department of Geography, University of Toronto.
- UN-HABITAT (2002) Housing Rights Legislation. Review of International and Legal Instruments. UN-HABITAT. Nairobi, Kenya.
- Van Huyck, A.P (1986). New Directions in Asian Housing Policies. *Habitat International* Vol. No. 10. 1/2, pp 5-10. Pergamon Press.
- Yusoff, N (1993). 'A Cultural Appropriate and Economically Sustainable Housing Delivery System for Malay Urban Low Income Households in Malaysia'. Doctor of Philosophy Thesis. Graduate College of Texas A & M University.

Webpages:

- Department of Statistics Malaysia (2004). *Population Clock Malaysia*. [Internet]. Kuala Lumpur. Available from http://www.statistics.gov.my/English/frameset_popclock.php?file=malaysia [3 December 2004].
- Habitat Agenda (1996). The Habitat Agenda. [Internet]. Kenya. Available from http://www.unhabitat.org/declarations/documents/The_Habitat_Agenda.pdf [19 May 2005].
- Mid Term Review of Fifth Malaysia Plan (1986-1990). Mid Term Review of Fifth Malaysia Plan. Prime Minister's Office. [Internet] Kuala Lumpur. Available from; <http://eppublic1.pmo.gov.my/onepage/servlet/FWControllerServlet?mvcapp=FWMyOnePage&command=myonepage&rid=1&b=i&sid=048110X138931E0312193&b=i&tabset=1&temp=3&p=1&taborder=1&fp=1> [30 May 2005].
- National Housing Department (2001). Jabatan Perumahan Negara [Internet]. Kuala Lumpur. Available from: <http://www.kpkt.gov.my/jpn/artikel.htm> [30 May 2005]
- New Economic Policy (2004). Office of the Prime Minister of Malaysia. [Internet]. Kuala Lumpur. Available from: <http://www.pmo.gov.my/RancanganWeb/Rancangan.nsf/>
- Rehda (2002). Housing A Nation. Real Estate Housing Developer Association (Rehda). Available from: <http://www.rehda.com/> [25 December 2002].
- Wikipedia Encyclopedia (2005). Wikipedia the Free Encyclopedia. [Internet]. Available from: <http://en.wikipedia.org/wiki/House> [26 April 2005].