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بِسْمِ اللَّهِ الرَّحْمَنِ الرَّحِيمِ

A STUDY ON THE SUPPLY OF
LOW-COST HOUSING IN THE STATE OF
SELANGOR, MALAYSIA

BY

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requirement for the degree of
Master of
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ABSTRACT

Malaysia has long been facing housing problems. In terms of development of housing, there has not been overall national policy for a long-term strategies. Adding to that there is a lack of coordination between state governments. However, as time go by, there is a clear effort towards solving the problems. There have been changes and adjustments of policies, strategies and initiatives in the process to meet the demand of housing provision in the country particularly the low-cost houses for the low-income bracket. The involvement of private sector especially during the Sixth Malaysia Plan and onwards in the provision of low-cost houses has helped the nation come close to achieving the target to house its population. In Selangor, the effort of addressing the low-cost housing problems has long been carried out. The provision of low-cost housing units for the poor has been a central effort of the state government. However, in the process of meeting the required number of houses, there is clear evidence showing that there are an excessive number of unsold low-cost units in the state. Hence, the study focuses on finding the reasons behind the unsold houses in the state. The reasons identified would form as a guideline for the housing industry in the state from encountering the same situation and simultaneously fulfill its aspiration as the most efficient state in the country.



ABSTRAK

Malaysia telah lama menghadapi masalah penyediaan bekalan perumahan. Sehingga kini belum terdapat satu polisi menyeluruh tentang pembangunan perumahan di negara ini. Di samping kita juga menghadapi masalah penyelarasan di antara kerajaan-kerajaan negeri. Walau bagaimanapun sejak negara ini mencapai kemerdekaan, hingga kini, usaha ke arah penyelesaian masalah penyediaan bekalan perumahan negara semakin giat diusahakan. Melalui masa, pelbagai perubahan, penyesuaian, dan inisiatif ke arah mencapai keperluan perumahan terutama keperluan perumahan kos-rendah bagi golongan berpendapatan rendah telah dijalankan. Penyertaan secara intensif pihak swasta dalam penyediaan perumahan kos-rendah negara khususnya sejak Rancangan Malaysia ke Enam turut membantu negara memenuhi permintaan rakyatnya. Bagi negeri Selangor, usaha ke arah menangani masalah perumahan kos-rendah telah lama berlaku. Penyediaan unit rumah kos-rendah telah menjadi sebagai tumpuan utama kerajaan negeri. Namun begitu di dalam usaha ke arah menepati permintaan perumahan tersebut, lebih penawaran telah dikesan. Oleh itu, satu kajian ke atas sebab berlakunya lebih penawaran rumah kos-rendah itu akan dijalankan. Kajian ini mengenalpasti sebab-sebabberlakunya lebih penawaran itu. Di samping itu juga, adalah diharapkan kajian ini dapat membantu mengelakkan kejadian seumpama itu berulang semula dan sekaligus dapat mencapai hasrat kerajaan menjadikan Selangor sebuah negeri termaju di negara ini.

APPROVAL PAGE

I certify that I have supervised and read this study and that in my opinion, it conforms to acceptable standards of scholarly presentation and is fully adequate, in scope and quality, as a dissertation for the Master of Urban and Regional Planning.

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DECLARATION

I hereby declare that this dissertation is the result of my own investigations, except where otherwise stated. I also declare that it has not been previously or concurrently submitted as a whole for any other degrees at IIUM or other institutions.

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Signature.....

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**A STUDY ON THE SUPPLY OF LOW-COST HOUSING IN THE STATE
OF SELANGOR, MALAYSIA**

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CONTENTS

Abstract.....	ii	
...		
Abstract in Arabic.....	iii	
Abstract in Bahasa Malaysia.....	iv	
Approval Page.....		v
Declaration Page.....		vi
Copyright page.....		vii
Acknowledgements.....	viii	
.....		
List of Tables		xi
List of Figures.....		xiii
List of Abbreviations		xiv

CHAPTER 1: INTRODUCTION

1.1		
Introduction.....	1	
1.2 Problem statements		
.....	3	
1.3 Objectives of the study		
.....	7	
1.4 Scope of study		7
1.5 Significance of study.....		8
1.6 Methodological framework		
.....	9	
1.7 Limitations of the study		
.....	10	
1.8 Conclusion.....		

CHAPTER 2: LITERATURE REVIEW

2.1		
Introduction.....		15
2.2	Definition of	
housing.....		15
2.3	Characteristic of	
housing.....		18
2.4	Housing	
demand.....		18
2.5	Housing	
providers.....		20
2.6	Housing	
supply.....		21
2.7		
Affordability.....		25
2.8		
Conclusion.....		27

CHAPTER 3: LOW-COST HOUSING IN MALAYSIA

3.1		
Introduction.....		28
...		
3.2	National housing policies &	
strategies.....		29
3.2.1	Public sector's	
involvement.....		34
3.2.2	Private sector's	
involvement.....		34
3.3	Definition of low-cost	
housing.....		35

3.4	Low-cost housing programmes.....	36
3.5	Low-cost housing supply in Malaysia.....	39
3.6	Problems and issues of low-cost housing.....	45
3.7	Conclusion.....	50
....		

CHAPTER 4: LOW-COST HOUSING IN SELANGOR

4.1	Introduction.....	51
....		
4.2	Socio-economy and population of Selangor.....	51
4.2.1	Population of Selangor.....	5
4.2.2	Population by urban and rural component.....	5
4.2.3	Population density.....	6
....		
4.2.4	Population growth.....	7

		5
	8	
4.2.5	House-hold number/unit ratio.....	5
	9	
4.3	State housing strategies.....	59
4.4	Low-cost housing supply in Selangor.....	
	62	
4.5	Projections of supply and demand of low-cost housing in Selangor....	66
4.6	Problems and Issues of low-cost housing in Selangor.....	
	69	
4.7	Conclusion.....	
.....	70	

CHAPTER 5: METHODOLOGY IN CONDUCTING THE STUDY

5.1	Introduction.....	
...	72	
5.2	Sampling frame.....	
	73	
5.3	Carrying out the data collection.....	
	74	

CHAPTER 6: ANALYSIS AND FINDINGS

6.1	Introduction.....	75
-----	-------------------	----

6.2	Analysis and Findings.....	75	
6.3	Reasons identified.....	77	
6.4	Conclusion.....		85

CHAPTER 7: SUMMARY AND CONCLUSION

7.1	Introduction.....		86
7.2	Summary.....	86	
7.3	General Recommendations.....	89	
7.4	Policy Recommendations.....	91	
7.5	Conclusion.....	92	
7.6	Suggestion for further research.....	93	

BIBLIOGRAPHY.....

.....

APPENDICES
APPENDIX

A.....	9
8	
APPENDIX	
B.....	1
00	
APPENDIX	
C.....	1
03	
APPENDIX	
D.....	1
13	
APPENDIX	
E.....	1
58	
APPENDIX	
F.....	1
62	
APPENDIX	
G.....	1
64	
APPENDIX	
H.....	1
74	

LIST OF TABLES

<u>Table No.</u> <u>No.</u>		<u>Page</u>
1.2.1	Unsold Low-Cost Houses in Selangor, 2004.	5
3.2.1	Pricing Guideline of Low-Cost Housing. 32	
3.2.2	Minimum Design Standard. 33	
3.3.1	Standard Guidelines for Low-Cost Housing. 36	
3.5.1	Summary of Residential Units by Type in Malaysia, 2004. 43	
3.5.2	Incoming Supply, 2004 44	
3.5.3	Price Category, Salary Margin and Design of Low-Cost Houses in Malaysia from First Malaysia-Plan to Eighth Malaysia-Plan. 45	
3.6.1	National Housing Expenditure 46	
3.6.2	Performance of Low-Cost Housing by Sectors 47	
3.6.3	Price Category, Salary Margin and Design of Low-Cost Houses in	

Malaysia from First Malaysia Plan to Eighth Malaysia Plan
48

- 3.6.4 Unsold Residential Units, 2004
49
- 4.2.1 Selangor: Area and Population by District, 2003.
54
- 4.2.2 Population of Selangor by Districts.
55
- 4.2.3 Population of Selangor by Districts, 2003.
56
- 4.2.4 Population Density of Selangor by Districts
57
- 4.2.5 Population Growth of Selangor by Districts.
58
- 4.2.6 Population per House-hold Unit Ratio of Selangor by Districts.
59
- 4.3.1 Housing Units by District in year 2020.
61
- 4.3.2 Land required for Future Housing Development.
62
- 4.4.1 Selangor Low-Cost Housing by Districts
64
- 4.5.1 Housing Target by Sectors, 2005
66

- 4.5.2 Projection of Selangor Housing Needs (2004 – 2014)
67
- 4.5.3 Population Projection in Selangor.
68
- 6.2.1 Supply of Residential Units in Selangor, 2004
76
- 6.3.1 Reasons of unsold Low-Cost Housing in Selangor
78
- 6.3.2 Houses under Construction
81
- 6.3.3 Selangor Low-Cost Housing Stock & Applicants
83
- 6.3.4 Statistic of Low-Cost Housing Applicants, 2004
84

LIST OF FIGURES

<u>Figure No.</u> <u>No.</u>		<u>Page</u>
1.1	Research Methodology	
		10
1.2	Plan of the study	
		13
2.1	Major Sources of Housing	
		22
3.1	Low-Cost Housing Achievements by Public and Private Sectors from Second Malaysia Plan to Eighth Malaysia Plan	
		39
4.1	Map of Selangor	
		52

LIST OF ABBREVIATIONS

CSH	Cooperative Societies Housing
EDH	Economic Development Agencies Housing
et al.	(et alia): and others
HLS	Housing Loan Scheme
HNA	Housing Need Assessment
IQS	Institutional Quarters and Other Staff Accommodation
LPDH	Licensed Private Developers Housing
LPHS	Selangor Housing and Property Board <i>(Lembaga Perumahan dan Hartanah Selangor)</i>
LRDH	Land & Regional Development Agencies Housing
MHLG	Ministry of Housing and Local Government
NAPIC	National Property Information Centre
NHD	National Housing Department
OPP	Outline Perspective Plan
PAKE	<i>(Perumahan Agensi Kemajuan Ekonomi)</i>
PAKR	<i>(Perumahan Awam Kos Rendah)</i>
PLCH	Public Low-Cost Housing
PLCHP	Public Low-Cost Housing Programmes
PPR	<i>(Program Perumahan Rakyat)</i>
PPSB	<i>(Perumahan Syarikat Koperasi)</i>
PTW	<i>(Perumahan Agensi Pembangunan Tanah & Wilayah)</i>
REHDA	Real Estate Housing Developers Association
SLCHP	Special Low-Cost Housing Programme
SMP	Second Malaysia Plan
SPK	<i>(Skim Pertapakan & Kemudahan)</i>
SPP	<i>(Skim Pinjaman Perumahan)</i>
SSS	Site and Services Programme
TOL	Temporary Occupancy License
UDA	Urban Development Corporation
UN	United Nation
UPEN	<i>(Unit Perancangan Ekonomi Negeri)</i>

CHAPTER 1

INTRODUCTION

1.1 INTRODUCTION

Housing or shelter is considered as a basic human need after food throughout the whole. It is said that a proper housing improves the well being and the development of human at large. The provision of sufficient houses for the people is a social and also a political commitment. The existence of various schemes and programmes thus help to ease-out some of the housing woes. Nevertheless, the effectiveness of the system is forever questionable.

Low-cost housing as a main sub sector of housing sector has always become an important issue in the country. Among the frequently debated topics are low-cost house price, low-cost housing location, affordability, and accessibility of the low-income people, delivery system, and financing.

The rapid urbanization had caused inward migration from rural to urban areas. These migrants had to compete for a place to live and face difficulty in searching for jobs. They ended-up living in squatters or slum areas in the cities. A survey conducted by Johnstone, 1978, shows that 37.3% of Klang Valley population lived in squatters' area, as compared to 40.2% living in conventional type housing. According to Mellon (1977, p.67) "...the slum was the locale of vice, crime, delinquency & desire a discovery, gathering of people beyond society and without community".

Selangor being part of Klang Valley is the number one growth region in Malaysia. The growth rate supersedes the National and federal Territory of Kuala Lumpur growth rates (Soon, 2002). The rapid growth in Selangor has created a housing shortage and the growth of unstructured settlements in the state (Ghani Salleh, 1996). The total population of Selangor is expected to increase by 19.6% by the year 2009 (Selangor Land & Housing Board (LPHS), 2004), and is expected to further increase by at least 60,000 people in year 2014. The main cause of this increase was due to in-migration. This scenario will directly affect the total number of households and housing need, particularly the low-cost housing in the state.

It is known that the supply of houses has achieved the required units for total number of households in most of the districts in the state of Selangor. Total housing demand shows that there is an oversupply in terms of housing units in the country. Housing in Selangor, represents the highest housing supply of 17.25% from the total Malaysian housing supply (Malaysia, 1990 – 2000). A few efforts have been taken such as to come-up with a ‘blue-print’ to study the issues related to housing in the state. There are signs of unmet demand to cater the low-cost housing demands in certain areas as stated in the reports shown below;

New Straits Times, Friday 16th April
2004

**LOW-COST UNITS: OTHER
STATES HAVE NO PROBLEMS**

...From Johor Bharu to Alor Star, the common complaint was that there were not enough houses in the low income bracket...

The Star, Friday 23rd April 2004

**SELANGOR’S LOW-COST
HOUSING DILEMMA**

“There are thousands of unsold low-cost houses in the state with no takers” Datuk Seri Dr Mohd Khir Toyo.