

AFFORDABLE PUBLIC HOUSING FOR LOW- AND
MIDDLE-INCOME HOUSEHOLDS IN MALAYSIA: A
PROPOSED ISLAMIC PUBLIC-PRIVATE HOUSING
CO-OPERATIVE MODEL

BY

MUHAMMAD BILAL

A thesis submitted in fulfilment of the requirement for the
degree of Doctor of Philosophy in
Islamic Banking and Finance

IIUM Institute of Islamic Banking and Finance
International Islamic University Malaysia

OCTOBER 2019

ABSTRACT

Housing is considered as the second most important basic necessity for human beings to live an adequate life. On a country scale, governments are responsible to ensure the availability of affordable public housing to underprivileged low- and middle-income households in the society. Nonetheless, acquiring an affordable house has now become increasingly problematic proposition for many low- and middle-income households in Malaysia. Previous studies demonstrate that the lack of financial affordability, poor maintenance and mismanagement are the key issues in affordable public housing schemes. Therefore, this study developed and validated a *Shariah*-compliant Islamic Public-Private Housing Co-operative Model (IPHCM). The study applied mixed methods of focus group, interviews and questionnaire survey. A focus group was conducted with nine residents of public housing project to validate the identified key issues in public housing schemes. Further, nine interviews were conducted with *Shariah* scholars and affordable housing experts to validate the IPHCM model. The findings of interviews were positive whereby informants agreed on the *Shariah*-compliance, suitability and applicability of the IPHCM model as an alternative to affordable public housing schemes in Malaysia. Drawing upon the extended Theory of Planned Behaviour (TPB), the questionnaire survey was distributed to 300 respondents who are the residents of PPR housing projects. The data from questionnaire survey was analysed using Partial Least Squares (PLS) as this method is more suitable for complex modelling and theory development studies. The study finds that perceived affordability (PA), subjective norm (SN), perceived behavioural control (PBC), perceived maintenance and management (PMM) and perceived consumer religiosity (PCR) are instrumental in predicting the behavioural intention to adopt the IPHCM model. It is also reported that the control behaviour, normative beliefs and behavioural beliefs are strong determinants of perceived behavioural control, subjective norm and attitude towards behaviour, respectively. The current study findings offer valuable insights to policy makers to understand the pertaining issues and households' preferences to adopt a new public housing scheme. Moreover, the implementation of IPHCM model can also contribute in achieving the objectives of National Housing Policy (NHP) that is to ensure that all Malaysians, particularly the low- and middle-income households, have access to adequate and affordable shelter. The study also added new constructs of PA, PMM and PCR that contribute to the existing literature of TPB and provides new perspectives on behavioural intention to adopt affordable public housing scheme.

خلاصة البحث

إن السكن يعتبر ثاني أهم ضرورة أساسية للبشر ليعيشوا حياة مناسبة. إن الحكومات مسؤولة - على نطاق البلد - عن ضمان توافر الإسكان العام الميسور التكلفة للأسر المنخفضة والمتوسطة الدخل المحرومة في المجتمع. وبالإضافة إلى ذلك أن الحصول على منزل بأسعار معقولة قد أصبح الآن اقتراح مشكل على نحو متزايد للكثير من الأسر المنخفضة والمتوسطة الدخل في ماليزيا. إن الدراسات السابقة تبين أن عدم القدرة على تحمل التكاليف المالية، و سوء الصيانة، وسوء التدبير كذلك هي المشاكل الرئيسية في خطط الإسكان العام بأسعار معقولة. ومن ثم حققت هذه الدراسة ووضعت نموذجًا تعاونيًا متوافقًا مع الشريعة الإسلامية للإسكان العام والخاص. وإن الدراسة قد طبقت أساليب مختلطة لمجموعة التركيز، والمقابلات الشخصية، والدراسة الاستقصائية من خلال الاستبيان. وأجريت مجموعة التركيز مع تسعة من السكان لمشروع الإسكان العام للتحقق من صحة المشاكل الرئيسية المحددة في مخططات الإسكان العامة. وبالإضافة إلى ذلك أجريت تسعة مقابلات شخصية مع علماء الشريعة وخبراء الإسكان بأسعار معقولة للتحقق من صحة النموذج المقترح في هذه الدراسة. وكانت نتائج المقابلات إيجابية، ووافق المخبرون على توافق النموذج المقترح مع الشريعة، وملاءمته وتطبيقه كبديل لمخططات الإسكان العام الميسورة التكلفة في ماليزيا. وبالاعتماد على نظرية موسعة للسلوك المخطط تم توزيع الاستبيان إلى 300 المجيبين الذين هم سكان مشاريع الإسكان PPR. وتم تحليل البيانات من مسح الاستبيان باستخدام PLS؛ لأن هذه الطريقة أكثر ملاءمة للنمذجة المعقدة، ودراسات التنمية النظرية. وتجسد الدراسة أن القدرة على تحمل التكاليف المتصورة، والمعيار الشخصي، والسيطرة السلوكية المتصورة، والصيانة والإدارة المتصورتين، وتدين المستهلك المتصور لها دور فعال في توقع النية السلوكية لاختيار النموذج المقترح في الدراسة. وقد ذكر أيضًا أن سلوك السيطرة، والمعتقدات المعيارية، والمعتقدات السلوكية هي محددات قوية بالخصوص للسيطرة السلوكية المتصورة، والمعيار الشخصي، والموقف تجاه السلوك. إن نتائج هذه الدراسة تقدم رؤى قيمة لصانعي السياسات لفهم القضايا المتعلقة، وتفضيلات الأسر لاتباع خطة جديدة للإسكان العام. علاوة على ذلك أن تنفيذ النموذج المقترح في هذه الدراسة ربما يمكن أن يسهم أيضًا في تحقيق أهداف السياسة الوطنية للإسكان، وهو ضمان حصول جميع الماليزيين، وخاصة الأسر ذات الدخل المنخفض والمتوسط على مأوى مناسب وبأسعار معقولة. وإن الدراسة قد أضافت أيضًا بنيات جديدة من PA و PMM و PCR التي تساهم في الأدب الحالي ل TPB، وتوفر وجهات النظر الجديدة حول النية السلوكية لتبني خطة الإسكان العام بأسعار معقولة.

APPROVAL PAGE

The thesis of Muhammad Bilal has been approved by the following:

Dzuljastri Abdul Razak
Supervisor

Mustafa Omar Mohammed
Internal Examiner

Rosylin Mohd Yusof
External Examiner

Hanudin Amin
External Examiner

Wahabuddin Ra'ees
Chairman

DECLARATION

I hereby declare that this thesis 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.

Muhammad Bilal

Signature

Date

INTERNATIONAL ISLAMIC UNIVERSITY MALAYSIA

**DECLARATION OF COPYRIGHT AND AFFIRMATION OF
FAIR USE OF UNPUBLISHED RESEARCH**

**AFFORDABLE PUBLIC HOUSING FOR LOW- AND MIDDLE-
INCOME HOUSEHOLDS IN MALAYSIA: A PROPOSED
ISLAMIC PUBLIC-PRIVATE HOUSING CO-OPERATIVE
MODEL**

I declare that the copyright holders of this thesis are jointly owned by the student and IIUM.

Copyright © 2019 Muhammad Bilal and International Islamic University Malaysia. All rights reserved.

No part of this unpublished research may be reproduced, stored in a retrieval system, or transmitted, in any form or by any means, electronic, mechanical, photocopying, recording or otherwise without prior written permission of the copyright holder except as provided below

1. Any material contained in or derived from this unpublished research may be used by others in their writing with due acknowledgement.
2. IIUM or its library will have the right to make and transmit copies (print or electronic) for institutional and academic purposes.
3. The IIUM library will have the right to make, store in a retrieved system and supply copies of this unpublished research if requested by other universities and research libraries.

By signing this form, I acknowledged that I have read and understand the IIUM Intellectual Property Right and Commercialization policy.

Affirmed by Muhammad Bilal

.....
Signature

.....
Date

*To my beloved mother, Firdous bt Ghulam Nabi, for all her sacrifices,
encouragement and support throughout my life, and for her enduring love.*

*To my loving wife Izza Butt and my adorable son Muhammad Zohaam for their
prayers and endless love. May Allah s.w.t bless us all. Ameen*

ACKNOWLEDGEMENTS

All praises and thanks to Almighty Allah, the Rabb of the all worlds Who has endowed the human with absolute guidance to perform the role of vicegerency on earth as a good servant. His benevolence, compassion and mercy enable me to face all trails and turbulences in the effort striving for success in this world and in the Hereafter, Alhumdullilah. Salawat and Salam to our beloved Prophet Muhammad pbuh who enlightened us with Islam.

I wish to extend my gratitude to my supervisors Assoc. Prof. Dr. Dzuljastri Abdul Razak and Assoc. Prof. Dr. Adewale Abideen for their patience, encouragement and guidance along the process to complete this thesis. My heartfelt gratitude and highest appreciation are due to my former supervisor Prof. Dato' Dr. Ahamed Kameel Mydin Meera for his invaluable support, ideas, patience and insightful guidance throughout my time at the IIUM.

My sincere thanks are extended to the lecturers from IIUM Institute of Islamic Banking and Finance (IIiBF) and Kulliyyah of Economics and Management Sciences for their teaching to enhance my knowledge and understanding in Islamic finance. Specially, I would like to thank you Prof. Dr. Sayyid Tahir, Assoc. Prof. Dr. Syed Musa Alhabshi, Prof. Dr. Engku Rabiah Adawiah, Prof. Dr. Rusni Hassan, Prof. Dato' Dr. Mohd Azmi Omar and Prof. Dr. Younes Soualhi. My sincere gratitude to all the administrative staff especially Sister Nurfadila and Sister Haslina for their kind help and cooperation.

Most importantly, my heartfelt gratitude and love to my wife Izza Butt and son Muhammad Zohaar for her continuous support, sacrifice and understanding in this journey. My parents for their love and continue support that allowed me to come this far in my study process. My brother, Muhammad Waqar and sisters, Sana Mohsin and Saba Jawad who provided a moral support in completing this thesis.

Lastly, I am deeply grateful and thankful for the support, accompany and inspiration of my friends and colleagues, Assoc. Prof. Dr. Hanudin Amin, Dr. Amir Gazdar, Dr. Asif Mian, Dr. Abid Ghaffar, Dr. Akhlaq Ahmad, Dr. Junaid Mughal, Brother Ihtesham Ullah and Dr. Mohamed Mahees. Without their comradeship, this PhD study would have been bored and lonesome.

TABLE OF CONTENTS

Abstract	ii
Abstract in Arabic	iii
Approval Page.....	iii
Declaration	v
Copyright Page.....	vi
Dedication Page	vii
Acknowledgements	viii
List of Tables	xv
List of Figures	xviii
List of Abbreviations and Acronyms	xix
CHAPTER ONE: INTRODUCTION	1
1.1 Background of the Study.....	1
1.2 Problem Statement	6
1.3 Research Objectives	11
1.4 Research Questions	12
1.5 Significance of the Study	12
1.6 Scope of the Study	14
1.7 Definitions of Terms	15
1.8 Organisation of the Study	17
CHAPTER TWO: THE CONCEPT OF PUBLIC HOUSING AND CO- OPERATIVE HOUSING	19
2.1 Introduction	19
2.2 Why Housing Matters	19
2.3 The Concept of Housing in Islam	21
2.4 The Concept and Nature of Public Housing	23
2.4.1 Public Housing in Developed World	24
2.4.2 Public Housing in Developing World	25
2.5 Nexus of Public Housing with Economic Growth and Development	27
2.6 Malaysia's Economic Growth and Housing Industry	30
2.7 Role of Public and Private Sector in Public Housing Provision	30
2.8 Development of Public Housing Schemes in Malaysia	32
2.9 Affordable Housing.....	34
2.9.1 The Concept of Affordability in Public Housing	34
2.9.2 Affordability in Malaysian Public Housing	36
2.10 Homeownership in Public Housing	38
2.10.1 Homeownership in Malaysia	40
2.10.2 Homeownership in the State of Selangor	41
2.11 Maintenance and Management in Public Housing	42
2.11.1 Public Housing Maintenance and Management in Malaysia.....	42

2.11.2 Maintenance and Management Issues in Malaysia.....	43
2.12 The Concept of Co-operative	45
2.12.1 The Pillars of the Co-operative	46
2.12.1.1 Aiming for Change.....	46
2.12.1.2 Socio-Economic Capacity	47
2.12.1.3 Organisational Capacity	47
2.12.2 The Concept of Housing Co-operative	48
2.12.2.1 History of Housing Co-operatives	49
2.12.3 Co-operatives in Malaysia	50
2.12.4 Housing Co-operatives in Malaysia	54
2.12.4.1 Performance of Housing Co-operatives in Malaysia	54
2.12.4.2 Contemporary Issues and Problems in Malaysian Housing Co-operatives	58

CHAPTER THREE: AFFORDABLE PUBLIC HOUSING IN MALAYSIA: CONTEMPORARY HOUSING SCHEMES, PROVISION AND DELIVERY SYSTEM	60
3.1 Introduction	60
3.2 Background of Affordable Public Housing Schemes in Malaysia	61
3.2.1 People’s Housing Programme (PPR) for Low-income Households (B40)	64
3.2.2 1Malaysia People-Friendly Home (RR1MA) for Middle- income Households (M40).....	65
3.3 Public Housing Provision and Delivery System	66
3.3.1 Modes of Public Housing Provision	67
3.3.2 Public Housing Provision in Malaysia.....	68
3.3.2.1 The Federal and State Government.....	70
3.3.2.2 The Consumers (Low- and Middle-income Households).....	71
3.3.2.3 The Financial Market (Private Financial Institutions)	72
3.3.3 Public Housing Provision in China and Singapore	73
3.3.3.1 Public Housing Provision in China.....	73
3.3.3.2 Public Housing Provision in Singapore	74

CHAPTER FOUR: THE PROPOSED ISLAMIC PUBLIC-PRIVATE HOUSING CO-OPERATIVE MODEL.....	75
4.1 Introduction	75
4.2 Validating the Issues and Problems in Contemporary Affordable Public Housing Schemes in Malaysia	75
4.2.1 Focus Group	76
4.2.1.1 Qualitative Data Analysis	76
4.3 Findings of Semi-Structured In-Depth Interviews.....	92
4.3.1 Thematic Analysis.....	93
4.3.1.1 PPR Housing Provision.....	93

4.3.1.2 Affordable Housing Unit Price	94
4.3.1.3 Home Financing Facility	95
4.3.1.4 Maintenance and Management	95
4.4 The Proposed Islamic Public-Private Housing Co-Operative Model (IPHCM)	96
4.4.1 Conceptual Framework of Islamic Public-Private Housing Co-operative Model (IPHCM).....	101
4.4.2 Comparative Analysis of Affordability	104
4.4.2.1 Affordable Homeownership Plan.....	104
4.4.2.2 Affordable Maintenance Fee.....	106
4.5 Underlying <i>Shariah</i> Concept and Contracts in the Islamic Public-Private Housing Co-Operative Model (IPHCM)	107
4.5.1 Cash <i>Waqf</i> Concept (CWC)	107
4.5.1.1 Legitimacy of Cash <i>Waqf</i>	109
4.5.1.2 Contemporary Practise of Cash <i>Waqf</i> Concept (CWC) in Malaysia.....	111
4.5.1.3 The Advantages of Cash <i>Waqf</i>	112
4.5.1.4 Application of Cash <i>Waqf</i> Concept in IPHCM Model	113
4.5.2 <i>Musharakah Mutanaqisah</i> Contract (MMC)	115
4.5.2.1 Legitimacy of <i>Musharakah</i> Contract	115
4.5.2.2 Contemporary Practise of <i>Musharakah Mutanaqisah</i> Contract (MMC) in Islamic Financial Industry	118
4.5.2.3 Application of <i>Musharakah Mutanaqisah</i> Contract (MMC) in IPHCM Model.....	120
4.5.3 <i>Ijarah</i> Contract (IC)	124
4.5.3.1 Legitimacy of <i>Ijarah</i> Contract	125
4.5.3.2 Contemporary Practise of <i>Ijarah</i> Contract (IC) in Islamic Financial Industry	126
4.5.3.3 Application of <i>Ijarah</i> Contract in IPHCM Model	127
4.6 Conclusion	129

CHAPTER FIVE: RESEARCH METHODOLOGY..... 130

5.1 Introduction	130
5.2 Philosophical View	130
5.3 Research Design.....	132
5.4 Theoretical Framework	135
5.4.1 Theory of Planned Behaviour (TPB)	136
5.4.2 Adapted Theory of Planned Behaviour.....	138
5.4.2.1 Perceived Consumer Religiosity.....	138
5.4.2.2 Perceived Affordability	140
5.4.2.3 Perceived Maintenance and Management.....	142
5.5 Hypothesis Development	144
5.5.1 Attitude Towards Behaviour	145

5.5.2 Subjective Norm	146
5.5.3 Perceived Behavioural Control	147
5.5.4 Behavioural Beliefs	148
5.5.5 Normative Beliefs	149
5.5.6 Control Beliefs	150
5.5.7 Perceived Consumer Religiosity	151
5.5.8 Perceived Affordability	152
5.5.9 Perceived Maintenance and Management.....	154
5.6 Population	156
5.7 Sampling Size And Procedure	160
5.7.1 Areas Selected for Sampling	162
5.8 Types and Sources of Data.....	164
5.9 Research Instrument.....	165
5.9.1 Measurement Scales	166
5.9.2 The Variables Employed.....	166
5.9.2.1 Behavioural Intention to Adopt the Proposed IPHCM Model.....	167
5.9.2.2 Attitude Towards Behaviour	168
5.9.2.3 Subjective Norm	169
5.9.2.4 Perceived Behavioural Control	170
5.9.2.5 Behavioural Beliefs.....	171
5.9.2.6 Normative Beliefs	172
5.9.2.7 Control Beliefs	173
5.9.2.8 Perceived Affordability.....	174
5.9.2.9 Perceived Consumer Religiosity.....	175
5.9.2.10 Perceived Maintenance and Management.....	176
5.10 Statistical Tools of Analysis	177

CHAPTER SIX: VALIDATING THE PROPOSED ISLAMIC PUBLIC-PRIVATE HOUSING CO-OPERATIVE MODEL (IPHCM):

A QUALITATIVE APPROACH.....	180
6.1 Introduction	180
6.2 Research Methods	180
6.2.1 Sampling Technique for Qualitative Approach	181
6.2.2 Data Analysis for In-depth Interviews	183
6.3 <i>Shariah</i> Scholars' Opinion on Suitability and Applicability of the Proposed IPHCM Model.....	184
6.3.1 Profile of <i>Shariah</i> Scholars	184
6.3.2 <i>Shariah</i> Opinion on the Suitability and Applicability of Cash <i>Waqf</i> Concept in IPHCM Model.....	188
6.3.2.1 Collection of <i>Shariah</i> -compliant Contributions.....	188
6.3.2.2 Formation of CWI and Management of CWF	191
6.3.2.3 Formation of Housing Co-operative (HC)	192

6.3.2.4	Formation and Role of HMMC and SAC	193
6.3.2.5	Returns from CWF Investment	194
6.3.3	<i>Shariah</i> Opinion on the Suitability and Applicability of <i>Musharakah Mutanaqisah</i> Contract (MMC) in IPHCM Model... ..	195
6.3.3.1	<i>Shariah</i> Compliance Issues in Application of MMC.....	196
6.3.3.2	MMC between the CMs and HC.....	197
6.3.4	<i>Shariah</i> Opinion on the Suitability and Applicability of <i>Ijarah</i> Contract (IC) in IPHCM Model.	198
6.3.4.1	<i>Shariah</i> Compliance Requirements under <i>Ijarah</i> Contract (IC)	198
6.3.5	Operationalisation of IPHCM Model.....	200
6.3.5.1	<i>Shariah</i> Opinion on the Sustainability of IPHCM Model... ..	200
6.3.5.2	Overall Role and Responsibilities of the Stakeholders i.e. CMs, SAC and HC in the Proposed IPHCM Model....	202
6.4	Affordable Housing Experts' Opinion on Suitability and Applicability of the Proposed IPHCM.....	205
6.4.1	Profile of Subject Matter Experts.....	206
6.4.2	Experts Opinion on the Suitability of the IPHCM Model	208
6.4.2.1	Advantages of IPHCM Model	208
6.4.2.2	Affordability Factor in IPHCM Model	210
6.4.3	Applicability of the Proposed IPHCM Model in Affordable Public Housing Sector.....	212
6.4.3.1	Registration of CWI and HC.....	212
6.4.3.2	Management Structure	213
6.4.3.3	Sustainability and Adequate Funds.....	214
6.4.3.4	Household's Participation	214
6.4.3.5	Implementation	215
6.5	Conclusion	215

CHAPTER SEVEN: EXAMINING THE PROPOSED ISLAMIC PUBLIC-PRIVATE HOUSING CO-OPERATIVE MODEL (IPHCM): A

QUANTITATIVE APPROACH.....	217	
7.1	Introduction	217
7.2	Profile of the Respondents	217
7.3	Research Findings: Measurement Model.....	220
7.3.1	Structural Analysis	221
7.3.2	Analysis of the Measurement Model	222
7.3.2.1	Measurement Model for Attitude Towards Behaviour.....	222
7.3.2.2	Measurement Model for Subjective Norm	223
7.3.2.3	Measurement Model for Perceived Behavioural Control ..	224
7.3.2.4	Measurement Model for Behavioural Beliefs.....	225
7.3.2.5	Measurement Model for Normative Beliefs	226
7.3.2.6	Measurement Model for Control Beliefs	227

7.3.2.7 Measurement Model for Perceived Consumer Religiosity	228
7.3.2.8 Measurement Model for Perceived Affordability	229
7.3.2.9 Measurement Model for Perceived Maintenance and Management.....	230
7.3.2.10 Measurement Model for Behavioural Intention.....	231
7.3.3 Factor Loadings and Cross-Loadings	232
7.3.4 Discriminant Validity	234
7.4 Research Findings: Structural Analysis	235
7.4.1 Structural Equation Modelling.....	236
7.4.2 Collinearity Assessment.....	237
7.4.3 Hypotheses Validation	238
7.4.4 <i>R</i> ² Assessment	242
7.5 Summary of the Findings	246
7.6 Conclusion	250

CHAPTER EIGHT: DISCUSSION, RECOMMENDATIONS AND CONCLUSION.....	253
8.1 Introduction	253
8.2 Discussion of Findings.....	253
8.2.1 Qualitative Findings: Development of IPHCM Model.....	254
8.2.2 Quantitative Findings: Examining the IPHCM Model	257
8.2.2.1 Determinant of Perceived Affordability	258
8.2.2.2 Determinant of Subjective Norm	259
8.2.2.3 Determinant of Perceived Behavioural Control.....	260
8.2.2.4 Perceived Maintenance and Management.....	261
8.2.2.5 Perceived Consumer Religiosity	262
8.3 Contributions of the Study	263
8.3.1 Theoretical Contributions	263
8.3.2 Practical Contributions	264
8.4 Limitations of the Study	265
8.5 Recommendations for Future Study	266
8.6 Conclusion	267
BIBLIOGRAPHY	269
APPENDIX A: SURVEY QUESTIONNAIRE	306
APPENDIX B: SEMI-STRUCTURED IN-DEPTH INTERVIEW QUESTIONNAIRE.....	316
APPENDIX C: MONTHLY PAYMENT SCHEDULE UNDER HOMEOWNERSHIP PLAN BASED ON <i>MUSHARAKAH MUTANAQISAH</i> CONTRACT (MMC).....	318

LIST OF TABLES

Table 2.1	The performance of public housing sector in Malaysia (1991-2015)	32
Table 2.2	Percentage of Households by Type of Occupied Dwelling in the State of Selangor (2014 - 2016)	41
Table 2.3	Summary Statistics of Co-operatives by States in Malaysia (SKM, 2017)	52
Table 2.4	Summary Statistics of Co-operatives by Function in Malaysia	53
Table 2.5	Performance of Housing Co-operatives in Malaysia	56
Table 2.6	Financial Performance of Housing Co-operatives in Malaysia	57
Table 3.1	Targeted Housing Units for Public Housing Schemes	64
Table 4.1	Profile of Government Representatives	93
Table 4.2	Role and Function of Stakeholders in IPHCM Model	103
Table 4.3	Affordability Comparison between Conventional Public Housing Model and IPHCM Model	105
Table 5.1	Population, Urbanization Rate and GDP Growth Rate in States of Malaysia	158
Table 5.2	Internal Migrants by State in Malaysia, 2013–2014	159
Table 5.3	Population Size, Projected Housing Need and Low-Cost Public Housing Projects	163
Table 5.4	Measurement Items for the Behavioural Intention to Adopt the Proposed IPHCM Model	168
Table 5.5	Measurement Items for Attitude Towards Behaviour	169
Table 5.6	Measurement Items for Subjective Norm	170

Table 5.7	Measurement Items for Perceived Behavioural Control	171
Table 5.8	Measurement Items for Behavioural Beliefs	172
Table 5.9	Measurement Items for Normative Beliefs	173
Table 5.10	Measurement Items for Control Beliefs	174
Table 5.11	Measurement Items for Perceived Affordability	175
Table 5.12	Measurement Items for Perceived Consumer Religiosity	176
Table 5.13	Measurement Items for Perceived Maintenance and Management	177
Table 6.1	Profile of the <i>Shariah</i> Scholars	185
Table 6.2	Interview Questions, Categorical Themes and Sub-Categorical Themes	186
Table 6.3	Profile of the Subject Matter Experts	206
Table 6.4	Interview Questions, Categorical Themes and Sub-Categorical Themes	207
Table 7.1	Profile of Respondents	219
Table 7.2	PLS Factor Analysis of Attitude Towards Behaviour	223
Table 7.3	PLS Factor Analysis of Subjective Norm	224
Table 7.4	PLS Factor Analysis of Perceived Behaviour Control	225
Table 7.5	PLS Factor Analysis of Behavioural Beliefs	226
Table 7.6	PLS Factor Analysis of Normative Beliefs	227
Table 7.7	PLS Factor Analysis of Control Beliefs	227
Table 7.8	PLS Factor Analysis of Perceived Consumer Religiosity	228
Table 7.9	PLS Factor Analysis of Perceived Affordability	229
Table 7.10	PLS Factor Analysis of Perceived Maintenance and Management	231
Table 7.11	PLS Factor Analysis of Behavioural Intention	232

Table 7.12	Factor Loadings and Cross-Loadings	233
Table 7.13	Latent Variable Correlation Matrix	235
Table 7.14	Results of the Structural Model	241
Table 7.15	Assessing Effect Size of f^2 for Behavioural Intention (Dependent Variable)	244
Table 7.16	Assessing Effect Size of q^2 for Behavioural Intention (Dependent Variable)	245
Table 7.17	Summary of Results of the Structural Model	246

LIST OF FIGURES

Figure 1.1	Historical trend of Malaysian Household Monthly Expenditure (DOSM, 2014)	9
Figure 2.1	Median Multiplier of Malaysian Housing Market (Ling & Almeida, 2016)	37
Figure 3.1	Conventional model of housing provision in developing countries (Keivani & Werna, 2001b)	68
Figure 3.2	Public Housing Provision System	70
Figure 4.1	Conceptual Framework of the Proposed Islamic Public-Private Housing Co-operative Model (IPHCM)	102
Figure 4.2	Cash <i>Waqf</i> Concept (CWC)	114
Figure 4.3	<i>Musharakah Mutanaqisah</i> Contract (MMC)	123
Figure 4.4	<i>Ijarah</i> Contract (IC)	128
Figure 5.1	Research Design	134
Figure 5.2	Data Collection Flowchart	135
Figure 5.3	Theory of Planned Behaviour (Ajzen, 1991)	136
Figure 5.4	Adapted TPB for Studying Factors Influencing the Behavioural Intention to Adopt the Proposed IPHCM Model	144
Figure 5.5	Sampling Framework	162
Figure 7.1	Direct Effect in Measurement Model	239

LIST OF ABBREVIATIONS AND ACRONYMS

IPHCM	Islamic Public-Private Housing Co-operative Model
MHLG	Ministry of Urban Wellbeing, Housing and Local Government
DBKL	Dewan Bandaraya Kuala Lumpur
BNM	Bank Negara Malaysia
DOSM	Department of Statistics Malaysia
EPU	Economic Planning Unit
NHA	National Housing Authority
NHP	National Housing Policy
PPR	People's Housing Programme
PR1MA	1Malaysia People-Friendly Home
B40	Low-income Households
M40	Middle-income Households
MAIN	State Religious Council
YWM	Yayasan <i>Wakaf</i> Malaysia
TPB	Theory of Planned Behaviour
PLS	Partial Least Squares
SEM	Structural Equation Modelling
RRI	Rental Rate Index
CM	Co-operative Members
CWI	Cash <i>Waqf</i> Institution
HMMC	Housing Maintenance and Management Committee
SAC	<i>Shariah</i> Advisory Committee
CWC	Cash <i>Waqf</i> Concept
CWF	Cash <i>Waqf</i> Fund
MMC	<i>Musharakah Mutanaqisah</i> Contract
IC	<i>Ijarah</i> Contract
ATT	Attitude Towards Behaviour
BB	Behavioural Beliefs
BI	Behavioural Intention
CB	Control Beliefs
NB	Normative Beliefs
PA	Perceived Affordability
PCB	Perceived Behavioural Control
PCR	Perceived Consumer Religiosity
PMM	Perceived Maintenance and Management
SN	Subjective Norm
MP	Malaysia Plan

CHAPTER ONE

INTRODUCTION

1.1 BACKGROUND OF THE STUDY

Housing is considered as the second most important, after food, in basic necessities for human beings to live an adequate life in this world (S. Abdullah, 2008; Ismail, Azmi, & Thurasamy, 2014). It is one of those basic social conditions that determine the quality of life and welfare of people and places. The United Nations, in its Universal Declaration of Human Rights, stated that 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 (United Nation, 1948). Hablemito and Purutçuo (2010) describe that the house not only meets the sheltering related needs but also physiological needs that includes safety, belonging, self-esteem, and self-actualization, and these needs significantly contribute towards a healthy neighbourhood environment in the society.

In recent years, the number of people living in absolute poverty and inadequate shelter has immensely increased in the world. The inaccessibility to adequate and affordable housing and homelessness are the growing plights in many developing countries, threatening standards of health, security and the life of the people (UN-HABITAT, 2011). Homelessness, inadequate and unaffordable housing have been recognized as among the major challenges facing human being in the world and efforts at global, national and local levels have been made towards minimizing the menace.

In the United Nations Conference on Human Settlements (Habitat II, 1996), 171 countries, including Malaysia, endorsed the Habitat Agenda to attain the universal goals

of ensuring an adequate and affordable housing for all persons and their families and making human settlements safer, healthier and more liveable, equitable, sustainable and productive (UN-Habitat, 1996). After nearly two decades of the declaration of the Habitat Agenda, the provision of an adequate and affordable housing at scale remains a challenge to most countries, particularly those in the developing world and in transition. The housing challenge is particularly evident in Asia where urbanization is at the fastest rate in the world. The predictions suggest that between 2010 and 2050 the urban population in Asia will nearly double to reach 3.4 billion and everyday Asian cities will need to accommodate the 120,000 new residents, enumerating a daily housing demand of at least 20,000 housing units (UN-HABITAT, 2011).

In developing countries, the gap between the supply of and the demand for an adequate and affordable housing is huge. The rapid and sustained population growth and rural-urban migration are fuelling the demand for well located, adequate and affordable housing (Bredenoord & Lindert, 2010). With increased population, scarce resources and high land prices, housing has become much more expensive than it was in the past. The surging prices in housing sector have made it more difficult for low- and middle-income groups to own a house. The difficulty in accessing an adequate and affordable housing for low- and middle-income group is worse in case of developing countries. In such circumstances, governments in developing countries play a crucial role to develop housing policy that aimed at meeting the housing need and demand of the people through a set of appropriate strategies including fiscal, institutional, legal and regulatory frameworks (Jiboye, 2011).

A government focus on affordable housing for low- and middle-income households is essential, especially in urban areas. Without decent, adequate and affordable housing, low- and middle-income residents will have no choice but to live in

improper conditions, such as squatter and slum settlements, as they cannot afford upmarket housing (Agus, 2005; Ha, 1987). According to the Habitat Agenda (1996), paragraph 61:

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

It is, therefore, the responsibility of the governments to ensure the availability of adequate and affordable housing to every citizen of the country. The governments – in order to avoid housing problems – develops comprehensive public housing policies, programmes and schemes to ensure that the demand is matched with supply through promoting an efficient and sustainable housing industry and providing well-functioning public utilities and services. According to Choguill (2007), a government public housing policy is directed to achieve the desirable aims of sustainable public housing as one that can meet the housing needs of the poor and is economically viable, socially acceptable, technically feasible and environmentally compatible. Public housing is refers to houses built by the Government either for sale or rent through conventional methods (Drakakis-Smith, 1981a).

In developed world, much of housing policy is redistributive in nature, having the ideal of providing ‘decent and affordable’ housing for all (Arnott, 2008). The studies

on developed countries indicate that the progress has been achieved through a concerted effort by market, state and society to provide housing. Recent housing policy experience in developed countries, indicates that demand-side, income-related housing subsidy programs are generally more effective in getting decent and affordable housing to the needy than public housing and other supply-side programs (Olsen, 2003).

On the other hand, in most developing countries, the government intervenes and play an essential role in planning, coordinating and implementing human settlement and providing adequate and affordable housing to poor through comprehensive housing programs and schemes with integral infrastructure facilities, social and recreational services. It is, perhaps, due to large informal sector, the household income cannot be measured with complete accuracy, which effectively precludes broad-based, income-related demand-side housing programs, such as housing allowances and housing vouchers, being employed in developed countries (Arnott, 2009). Therefore, the supply sides housing policies and programs in developing countries, such as in Asia, are relatively more effective than the income-related demand-side housing programs in developed countries.

In Asia, governments of Singapore and Hong Kong, for example, have successfully achieved universal access to adequate and affordable housing through a range of policy interventions. Historically, these countries too had slums and significant affordability issues in public housing, similar to neighbouring countries such as Malaysia, Indonesia and the Philippines face today (UN-HABITAT, 2011).

Malaysia, as a developing country, cannot avoid having issues in providing affordable and adequate housing especially in early stage of its development (Agus 2005; Agus, Doling & Lee 2002; Salleh & Meng 1997). The rapid industrialization has caused rural-urban migration with high rate, creating increased demand for an adequate

and affordable housing in urban centres of Malaysia. Therefore, in response to these housing issues, the government of Malaysia has laid-down a National Housing Policy (NHP) in 2011 to solve problems concerning to low- and middle-income households settlements, especially in towns, through the implementation of public and low-cost housing schemes (MHLG, 2013).

In Malaysia, the key players involved in the housing industry include the federal government, state governments, and private organisations, i.e. housing developers. The Government's vision is to provide Malaysians of all income levels, particularly the low- and middle-income groups, accessibility to adequate, affordable, and quality housing. At the federal level, the Ministry of Urban Wellbeing, Housing and Local Government (MHLG) is responsible for the provision of public housing for low- and middle-income households through People's Housing Programme (PPR) and 1Malaysia People-Friendly Home (PR1MA) projects which offers two types of PPR houses: for rent and sale.

In Malaysia, there is a continues effort by the government to ensure that Malaysians of all income levels have access to adequate, quality and affordable homes, particularly for those under the low-income group. This is reflected in every five-year Malaysia Plan (MP), where the federal government access the demand and set targets to develop affordable public housing units. In this regard, the private sector also supports the government's initiative to build more low-medium-cost houses in their mixed-development projects while the public sector concentrates on building low- and medium-cost houses as well as houses for government employees, the disadvantaged and the poor in urban and rural areas.