

EVOLUTION OF POLICY FOR AFFORDABLE HOUSING PROGRAMMES IN MALAYSIA

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Accepted date: 08-12-2018

Published date: 17-03-2019

To cite this document: Masram & Misnan (2019). Evolution of Policy For Affordable Housing Programmes in Malaysia. *International Journal of Accounting, Finance and Business*, 4(17), 86-98.

Abstract: *Housing sector has always been one of the main agendas in any developing countries. Housing provision is more than often been the issue that needed urgent emphasis. Depending on the economic system practiced, some countries practices interventions to achieve its socio economic goals. In a mixed economic system, housing provision in Malaysia is significantly affected by both public and private sector. The urbanization level in Malaysia has increased significantly from 34.2% in 1980 to 71% in 2010, 75% by the year 2020, and up to 80% by 2030. This will significantly increase the population hence demand for housing. Issues on affordability for those in the B40 and M40 to purchase house is prevalent and has becoming more crucial in recent years. Housing policy has been formulated since after independence to address issues in housing sector. Therefore, a look into affordable housing policy will give a deeper understanding on this subject. The objective of this paper is firstly to understand the current scenario of the housing issues in Malaysia. Secondly to analyse the policies on affordable housing through significant milestone in the evolution of policies for housing programmes and finally to identify the way forward in affordable housing policy. A literature on various medium, either through previous studies, publication and mass media will give some insights on the affordability scenario. A content analysis on secondary data on past and current housing policy will give understanding on the affordable housing policy evolution lastly, expert interviews with stakeholders will give verification to the findings. The conclusion of this paper indicates that affordability issue is crucial and some significant milestone in housing policy formulation showed that encouraging efforts on affordable housing provision is in the pipeline. The way forward sees encouraging efforts to introduce programmes towards provision of affordable housing for the middle-income population. This is done through public private partnership in the provision of housing within Malaysia.*

Keywords: *Affordability, Housing Policy, Way Forward*

Introduction

Rapid urbanisation has led to an increase in population in urban areas. According to Shuid (2016), based on the Department of Statistic report (2010) the urbanization level in Malaysia has increased significantly from 34.2% in 1980 to 71% in 2010. The urbanization level is expected to increase to 75% by the year 2020. This will lead to an increase in the middle income population in urban areas. Eventually, this will create more demand for housing especially affordable housing. The need to provide for housing for the population is becoming more crucial as the main provider are from private sectors or private developers and is termed as market housing. Current issues that are prevalent in the housing industry is on affordability of various market segment to purchase a house. (Khazanah Research Institute, 2015).

Housing should be accessible to the general population regardless of their income level. Access to housing could mean, owning or renting an accommodation unit. In the sphere of housing provision, depending on the types of housing be it ownership or rental, both public and private sector plays their respective roles to fulfill the need and demand of all level of society. However, from RICS (2008) the situation in Malaysia is that home ownership is favoured with the rate of ownership stood at 85%, public housing at 7% and private rental housing at 5.55%. This is as recorded in 1998. According to the latest available official figures, Malaysia has a home ownership rate of 72.5%. (Khazanah Research Institute, 2015). Ownership is still preferred by the general population as it embodies more benefits for both social and economic wellbeing thus giving the rise for the need to ensure that housing is accessible and affordable to all level of society.

Malaysia is currently facing issues on housing affordability especially for those in the middle-income group who reside within prime city areas. The house price offered by the private sector (developers) are in the range of unaffordable to severely unaffordable (Khazanah Research Institute, 2015). Affordability issues echoes the need for some kind of interventions from public sector to ensure equal access to housing for all segments of the population. Malaysia has shown some favourable intervention mechanism in housing sector, to achieve its physical and socio economic objectives. Intervention by government is significant to have check and balance in housing market as the private sector plays a major role in housing provision. Left to the market , conflicting public and private sector objectives could create issues especially for the lower income population to purchase a house.

This is a contextual paper where it will discuss the housing scenario in Malaysia and highlight the prevailing issues in housing provision. The main content is the evolution of policy for affordable housing programmes . In the context of this paper, programmes and efforts in the housing industry will be highlighted. This paper will be divided into four sections to discuss on literature review, the methodology used, findings that include current housing scenario, housing policy evolution and the way forward. Finally , a conclusion.will be derived so as to indicate efforts that is apparent.

Literature Review

The literature will discuss concept of affordable housing and intervention by government. Literature will discuss significance of government interventions in housing sector. The concept of affordability in relation to housing demand and supply will give an outlook on the importance of intervention in housing provision, especially for affordable housing Malaysia, as it is currently facing issues on housing affordability especially for those in the middle income group who reside within prime city areas.

Concept Of Affordable Housing

“Housing” is both used as a noun and a verb, where it can be described as a thing and an activity; it is both a process and “end product” (King,2016; Reeves,2014). It can also be called a collection of dwellings and the process and activity of providing, managing and maintaining. (King,2016). It is a valuable commodity or service which can be something which meets both essential need and luxury (Reeves,2014). “Affordable housing” refers to the financial affordability of housing with respect to the occupants’ incomes, as opposed to certain types of housing such as “social housing”, “public housing” and “low cost housing” (UN Habitat 2011) Therefore, affordable housing encompasses an array of housing within various price range which relates to effective demand . Effective demand is usually associated with the requirement of individual households over and above the basic or minimum level of provision or ‘need’, supported by the household willingness to pay for housing by considering the ability to pay which actually back up by the purchasing power of each household. (Golland & Blake, 2007). This is when people are willing and able to pay for housing; therefore they are concerned with a) preferences at a price and b) the conditions of demand – the level of income, income distribution, household formation, the rate of interest, the price of substitutes, government policy, changes in taste, expectations of future price changes and so on (Harvey & Jowsey, 2004).

Affordability to purchase houses is using the median multiple as a common metric. This is done by dividing the median house price by aggregate annual median Household income (Shlomo,2014; Diwa Samad et. al,2016; Khazanah Research Institute,2015). Affordability is rated on a scale of 0 to 5. The 3.0x median multiple signs that the market delivers a distribution of housing that are subjected to minimal distortions – urban land prices and speculative housing market. Housing affordability is rated on a scale of 0 to 5. The 3.0x median multiple signs that the market delivers a distribution of housing that are subjected to minimal distortions (Reeves, 2014). The scenario of speculative housing market is generally apparent in developing countries all around the world. (Hamzah,2012).

Definition And Concept Of Housing Intervention

The basic economic concept of supply and demand demonstrate a situation where, more demand will create more supply and in a perfect economic equilibrium, the market will respond to the increasing demand. However, in an imperfect market where there are other forces, issues on inadequate supply arises. More often than not, there is an imbalance in the supply and demand where demand exceed supply especially for housing for those in the lower income bracket. Reason being the profit oriented nature of private developers where they are more interested to develop high cost or luxury housing for bigger margin or profit. Left to the market, there is bound to be shortage of housing supply for the lower income group especially in desirable location. Many scholars stressed the importance to balance this situation. Barker (2004) emphasised the need to “strike a balance” to achieve among others in the context of housing an adequate and affordable housing for a growing population; and meeting the aspirations of individuals as to the amount of space, the location and nature of housing to be provided.

From Musole (2009) who did a review on property rights, transaction costs and institutional change; market failure exists when it fails to produce economically or socially desirable outcomes. Therefore, market failure is often cited as the principal rationale for state intervention in economic systems and markets. Musole further cited, that public policy intervention in market (or other economic) processes is, therefore, generally adopted for these

reasons; elimination of market imperfections and failures to increase operating efficiencies; removing externalities, so that the social costs of outcomes correspond more closely to private costs; and redistribution of society's resources, so that disadvantaged groups can share in society's output. From Tiesdell & Allmendinger (2008), there are various types of policies that could be implemented to intervene with the housing market. These are explained in Table 1

Table 1 : Type of Policies

Policy type	Purpose	Examples
Market 'shaping'	To shape the context within which market actions and transaction occur	Statutory development plans. Transport investment plans. Code for sustainable homes.
Market 'regulation'	To regulate or control market actions and transactions, ensuring some consideration of externalities and the public interest	Development control/management. Building regulations. Restrictive covenants attached to sales of public sector land
Market 'stimulation'	To make the market work better, by having a direct impact on financial appraisals	Land assembly and release. Grants or tax breaks to encourage more desirable activity or taxes to discourage undesirable activity.
Capacity building	To build capacity of state and/or market operators	Encouraging public-private development partnerships. Promoting skills for sustainable communities

Source: Adopted from Tiesdell and Allmendinger (2005)

Looking at Malaysian scenario, interventions in the housing market is assumed able to provide sufficient affordable houses for a particular group of people. State intervention usually takes varied forms. It may come in the form of taxation or subsidies, direct ownership and/or participation in investment and provision of goods and services, or it may take the form of administrative/regulatory controls (Musole,2009). Development of public private partnership is also a type of intervention from the government.

Housing Policy As A Tool

Keivani & Werna (2001) indicates that in the World Bank Policy Paper (1993) enabling strategy is recognized as the way forward for developing method of intervention in the housing industry. Government have at their disposal seven major enabling instruments; three that address demand-site constraints, three on supply side constraints, and one that improves the management of the housing sector as a whole. Demand side : developing property rights ; developing mortgage finance; Rationalising subsidies. Supply side : Providing infrastructure for residential development ; Regulating land and housing development ; Organising the building industry. Finally, developing an institutional framework to improve the management of the housing sector as a whole.

Housing policy can be a tool to shape, regulate, stimulate market and for capacity building in the housing market (Tiesdell & Allmendinger,2005). It is important to ensure that housing industry is managed to ensure equal access of housing to all. Housing policy in Malaysia has been developed quite comprehensively to address issues in housing provision. At the national level, there is a macro policy that covers the general aim for housing provision in Malaysia. In

“Housing The Nation : Housing Policies and Institutions I. The National Housing Policy” (2013) by The Ministry of Urban Wellbeing, Housing and Local Government, National Housing Policy (NHP) was launched on 10 February 2011 to outline the direction of and to form the basis for the planning and development of the housing sector at the federal, state and local levels. The National Housing Policy (NHP) goal is to provide adequate, comfortable, quality and affordable housing to enhance the sustainability of the people’s quality of life. It encompasses

Public Private Partnership As A Policy

A research by Bawa & Wan Abdul Aziz (2011) indicated that greater government participation in the production of affordable housing in terms of allocation of free land and planning applications has proved to be crucial in order to achieve the housing needs of the country. Incentives or guarantees provided by the government , i.e legislatives, administrative, financial assistance must be attractive and sufficient enough for the private sectors that a better return will be gained from public- private partnership arrangement than in other investment opportunities.

Geoffrey Payne (2006) indicated that the significance of public private partnership in developing housing are that it increased the supply of urban land, improved the efficiency of urban land markets, improved access to land for low-income group and it provide a more productive relationship between public and private sector. In the local context, a major driver of the PPP model is the underlying principle of optimal risk allocation; where the risk is allocated to the party best able to manage that risk.(Yong,2013).

Methodology

In this paper, qualitative method is used to achieve the said objectives. Secondary data on housing matters including the selling price, demand and supply of the current scenario is explored. These documents will be reviewed to understand the current housing affordability scenario A content analysis on past and current housing policy will give understanding on the affordable housing policy evolution and identify the current efforts in the evolution of policy in housing programmes Lastly, expert interviews stakeholders, representing the public and the private sector and will give verification to the findings.

Findings

Analysis and discussion will be divided into 3 parts; the first part will discuss Malaysian housing scenario , in particular looking at the affordability scenario and how this affects the demand and supply of housing. The second part identifies the milestones in the effort in housing programmes throughout the years. Finally, the way forward in housing policy for housing programmes will be discussed. According to the Department of Statistics Malaysia (2014), Malaysian population are categorised into 3 groups indicated as the B40 or bottom 40% with house monthly household income of below RM3,860.00,. M40 or middle 40% with monthly household income of between RM3,860.00 – RM8,319.00 and T20 or top 20%. with monthly household income of RM8,319.00 and above. As Malaysia becomes more urbanized, the demand for affordable housing will

Current Housing Affordability Scenario

According to the Department of Statistics Malaysia (2014), the population are categorised into 3 groups indicated as the B40 or bottom 40% with house monthly household income of below RM3,860.00,. M40 or middle 40% with monthly household income of between RM3,860.00 –

RM8,319.00 and T20 or top 20%. with monthly household income of RM8,319.00 and above. As Malaysia becomes more urbanized, the demand for affordable housing will increase. There will be more demand for housing within prime urban areas.

The house price offered by the private sector (developers) are in the range of unaffordable to severely unaffordable (Khazanah Research Institute, 2015). Trends in Malaysia indicate that both the bottom 40% and middle 40% of income earners are likely to require social housing. (Khazanah Institute, 2015). The middle income group that are seriously facing affordability issues refers to the household under the income group of middle 40% or the M40 household group whose income level is between 41% to 80% from the overall income distribution. (RMK 11). Studies suggested that the provision of social housing for the majority of the population will put financial pressures on government spending.

Over the years, the house price provided by the private sectors in Malaysia has increased quite substantially on average by 5.6% annually between the year 2000 and 2012. (Cagamas, 2014). Present property market scenario in Malaysia witnessed a significant increase in the price of housing. Malaysia registers an average 6.6% jump in home prices in the fourth quarter of 2011. This has put strain particularly for the middle income group, especially those residing within prime city areas. According to the Department of Statistics Housing Income Survey (2014) Malaysian median income stood at RM 4,500 signalling households are unable to afford houses priced higher than RM300, 000 (DOS, 2014). While based on the National Property Information Centre report (2014) only 31.7% of the housing units built in the year 2014, had a price tag lower than RM 250,000 (NAPIC, 2014b).

Basically, it can be concluded that there is a gap in the affordability for housing in the middle income category (income in the range of RM 4,500 – RM10 000. This segment of the population face difficulty to afford houses more than RM400,000.. From Diwa(2016) currently there exist 40 per cent gap between the demand for affordable housing and its supply in the country. Thus, evidently the income pattern of the middle income household finds it challenging to keep pace with the rising cost of housing unit and thereby the need for affordable housing has become more vital than ever before. Affordability issues has expanded to the middle income group (M40) therefor, there is a need to formulate housing policies to this

Housing Policy Evolution

The development of housing sector in Malaysia is guided by the national housing policy that was introduced and made

According to Shuid (2016), the evolution of the housing industry in Malaysia is significant since 1971; according to him, the housing provision system in Malaysia is divided into four phases namely Housing the Poor (1971-1985). Market reform (1986-1997), Slums Clearance (1998-2011) and State Affordable Housing (2012-to date). This paper will integrate the housing provision system phases (Shuid, 2016) with the planning issues to be addressed according to Malaysia's planning levels (Burton, 2001). In the context of this paper, significant programmes and issues within the housing industry will be highlighted to make conclusion on the way forward for affordable housing policies in Malaysia.

Table 2: Malaysian Housing Policy Evolution

Malaysian Housing Provision Phases	Malaysian Planning Hierarchy Issues To Be Resolved	Approach/Programmes	Achievement/Issues
HOUSING THE POOR (1971-1985)	<p>1970 – 1990</p> <ul style="list-style-type: none"> • The outcome of the May, 13 riot – New Economic Policy • Main aim – to strengthen national unity • Objectives of NEP: <ol style="list-style-type: none"> 1. Eradication of poverty irrespective of ethnicity 2. Restructuring of society 3. Introduction of Rukun Negara • 1980's – economic recession Objectives of NEP – not achieved - need to review process 	<p>Concurrent with the project period of the New Economic Policy (NEP) from 1971 to 1990. NEP initiated to foster nationality unity and union-building The 2 pronged objectives of NEP :</p> <ol style="list-style-type: none"> 1. eradicating poverty irrespective of race, 2. restructuring Malaysian society to eliminate the identification of race with economic functions. <p>SCENARIO : Emerging urban slums in the 1970's (a huge inflow of rural residents, mainly Malays into the urban area, especially the Kelang Valley area surrounding Kuala Lumpur) – resulting from introduction of NEP and the steady economic growth since independence</p> <p>PROGRAMMES/EFFORTS:</p> <ol style="list-style-type: none"> 1. 1982 : Imposition of 30% quota low-cost housing with a controlled selling price of RM25,000 per unit (to private companies) 2. Opening up of new land and settlement schemes by the Federal Land Development Authority (Felda); 3. Provision of housing finance by Bank Bumiputera; 	<ul style="list-style-type: none"> • Federal government paid more attention to the housing needs of the lower income groups.. • housing industry to play a leading role in stimulating economic growth. • The NEP focused on the development of housing estates in new areas to achieve economic balance between urban and rural areas. • main providers of the medium and high-cost houses were private companies, • state governments and their government-owned companies, the State Economic Development Corporations (SEDCs), with the support of the federal government, provided the low-cost houses. • Promotion of Malay participation in commerce by Majlis Amanah Rakyat (Mara, Council off Trust

for Indigenous People) and in industry by Malaysian Industrial Development Authority (Mida); and (MARA).

MARKET REFORM (1986-1997)	<p><u>1991-2000</u></p> <ul style="list-style-type: none"> • NEP policies were maintained • Policy – growth with distribution and balanced development towards developing an integrated and just society. • The new dimension of National Development Plan (NDP) : <ol style="list-style-type: none"> 1. Importance of human development 2. Science and technology as the basis of development 3. Protection of the environment and ecology 	<p><u>SCENARIO :</u></p> <ul style="list-style-type: none"> • Rapid economic growth • Rural-urban migration and increasing influx of foreign immigrants <p><u>PROGRAMMES/EFFORTS:</u></p> <ul style="list-style-type: none"> • Privatisation policy was introduced to reduce government’s spending (includes housing – for low cost) • Since the rule of the thirty percent quota for low-cost houses 	<ul style="list-style-type: none"> • private companies played a key role in housing provision.for low cost construction • Comments on land value within urban areas • private companies used the cross-subsidy system, which uses revenues collected by the sale of high-cost houses to reduce the cost of low-cost houses. • The federal and state government started to retreat from direct housing provision during this phase.
SLUMS CLEARANCE (1998-2011)	<p><u>2000 – 2010</u></p> <ul style="list-style-type: none"> • Development of one nation • An industrialized country • Social and economic justice • Moral and ethical importance 	<p><u>SCENARIO :</u></p> <ul style="list-style-type: none"> • Unresolved squatters problem • Oversupply of low cost houses • Inefficient housing allocation system <p><u>PROGRAMMES/EFFORT:</u></p> <ul style="list-style-type: none"> • New ceiling price for low cost housing set between RM30,000 and RM42,000 per unit 	<p>-</p> <ul style="list-style-type: none"> • Leading role by federal government (in PPR) • direct housing provision especially for the low-income group

	<ul style="list-style-type: none"> • Social development based on family and kinship 	<p>according to location in June 1998</p> <ul style="list-style-type: none"> • Privatisation policy was introduced to reduce government's spending (includes housing – for low cost)
<p>STATE AFFORDABLE HOUSING (2012 – to date)</p>	<p><u>2010 to date</u></p> <p>Introduction of new economic model NEM , with its policies to be implemented through the newly created : Government Transformation Programme (GTP) and the Economic Transformation Programme (Andaya, 2017)</p>	<p><u>SCENARIO :</u></p> <ul style="list-style-type: none"> • Bipolar situation with too many houses in low cost and high cost category • Lack of affordable housing (especially for the middle income population) • Increasing house price since 2008 <p><u>PROGRAMMES/EFFORTS :</u></p> <ul style="list-style-type: none"> • National Housing Policy (2011) • Federal Affordable housing Schemes : <ol style="list-style-type: none"> 1. Perumahan Rakyat 1 Malaysia (PR1MA) in 2011 under Perbadanan PR1MA Malaysia 2. Perumahan Penjawat Awam 1Malaysia (PPA1M) for civil servants 3. My First Home Scheme 4. MyHome Scheme 5. Rumah Mesra Rakyat 1 Malaysia • State governments : <ol style="list-style-type: none"> 1. Rumah Selangorku in Selangor; 2. Rumah Wilayah Persekutuan (RUMAWIP) for the residents in Federal Territories; 3. Rumah Mampu Milik Johor (RMMJ).

Source: Author (2018)

During the phase of housing the poor, the main providers of the medium and high-cost houses were private companies, while the low cost houses is provided for by state governments and their government-owned companies, the State Economic Development Corporations (SEDCs), with the support of the federal government. During this phase, emphasis is for the lower income population with the main socio economic aim for poverty eradication.

As for phase of market reform, the federal and state government started to retreat from direct housing provision during this phase. Private sectors played a bigger role, through the imposition of 30% quota low-cost housing with a controlled selling price of RM25,000 per unit since 1982. This phase sees the move towards. In the slum clearance phase, new ceiling price for low cost housing set between RM30,000 and RM42,000 per unit according to location in June 1998 was introduced. This was a move to encourage more low cost housing to be built in prime urban areas . Privatisation policy was also introduced to reduce government's spending which includes in the housing sector(for low cost housing.)

In the state affordable housing phase, there is a significant move in planning where it emphasise on the regional development with some urban area, like Johor Bahru, Kuantan, Penang becoming the catalyst for the region's development. Investments pouring in, leading to an increase in jobs opportunities and urban population in urban areas. The growing number of middle income segment increase demand for affordable housing. National Housing Policy was introduced in 2012 to address the issue with strategies to provide for sufficient affordable housing for all. Various programmes under the federal government was introduced such as Perumahan Rakyat 1 Malaysia (PR1MA) in 2011 under Perbadanan PR1MA Malaysia,(Federal government-owned company under the purview of the Prime Minister Office) and Perumahan Penjawat Awam 1Malaysia (PPA1M) for civil servants, My First Home scheme, MyHome Scheme, Rumah Idaman Rakyat. State governments also played a bigger role to provision of affordable housing with schemes such as Rumah Selangorku in Selangor; Rumah Wilayah Persekutuan (RUMAWIP) for the residents in Federal Territories; and Rumah Mampu Milik Johor (RMMJ)

Overall, we can observe that there is a change in the target group for affordable housing provision. In the previous phases, the government's main target was those of low-income, and only directly provided low-cost houses in principle. However, both the federal and state governments during the later phase started to offer direct housing provision to the middle-income group. Realising the burden to subsidise for this segment, participation of the private sector is encouraged with various programmes and housing schemes introduced.

The Way Forward

In terms of policy at the national level, there is a macro policy that covers the general aim for housing provision in Malaysia. In "Housing The Nation : Housing Policies and Institutions I. The National Housing Policy" (2013) by The Ministry of Urban Wellbeing, Housing and Local Government, National Housing Policy (NHP) was launched on 10 February 2011 to outline the direction of and to form the basis for the planning and development of the housing sector at the federal, state and local levels. The National Housing Policy (NHP) goal is to provide adequate, comfortable, quality and affordable housing to enhance the sustainability of the people's quality of life. . The objectives of the national housing policy are listed as :

i. Providing adequate and quality housing with comprehensive facilities and a conducive environment;

- ii. Enhancing the capability and accessibility of the people to own or rent houses; and
- iii. Setting future direction to ensure the sustainability of the housing sector.

A thorough look on housing policy indicate that Malaysia's housing policy is beginning to heed into policies for affordable housing provision. Various efforts were introduced to assist middle income families to have access to housing. Referring to Malaysia's 5 year socio-economic plan, strategies were outlined for affordable housing. The aspiration for affordable housing is planned through 3 strategies :

B1 : Increase access to affordable housing according to target group – continuation Of existing programs, implementation of programs targeted at youth and newly wed couples and also to simplify the procedure for a bigger involvement from the private sectors.

B2 : Strengthened the planning and implementation for better management of public housing – development of integrated database to match the supply and demand and the creation of land banks for future development

B3 : to encourage the provision of environmental friendly facilities to create liveable housing – strengthening of monitoring framework and the cooperation amongst community and NGO

Evolution of housing policy and programmes are needed to meet the public expectation and respond to the current issues faced by the housing sector. , especially on house ownership. (Shatar S.A et al, 2017) . These are reflected through the introduction of various programmes for development of housing that involved all level of society. In Malaysia, developers took an important role in housing provision, including low income housing with government regulations, controls and incentives (Buang,2008).

Conclusion

Throughout the years, housing policy in Malaysia has always been consistent in addressing the issue in providing housing for the lower income people. These efforts were proven to be quite successful in addressing issues of housing provision for the low income group. However, demand for housing in Malaysia has increased in recent years as a result of healthy economic growth. This has been supported by decreasing mortality rates, the number of persons per household and the growth of nuclear families as against to extended families brought about by economic development and decreasing unemployment. Current housing problem in Malaysia revolves more around the issue of inadequate provision of affordable housing not only for low income people but most importantly, the middle income households. This refers to the household under the income group of middle 40%. They are referred to as M40 household group whose income level is between 41% to 80% from the overall income distribution. (RMK 11).

In response to that, the current policy on housing programmes is moving towards emphasis to the middle income group. The magnitude of the problem of an increasing house price especially in prime urban areas has prompt the government to intervene in housing provision. Direct provision would put burden to the government spending; therefore policy on housing programme is moving towards facilitating access for the middle income group (M40) to owning a house. Malaysian housing industry has experienced participation by both public and private sectors where medium and high cost housing has always been provided by private sector. However, with the current scenario of housing affordability and the market forces, there should be intervention from the government where housing programmes that sees a more active participation from the developers are given emphasis.

Studies have claimed that in respect of the practice of public-private partnership in housing sector, it is said to be a success story, particularly as it relates to housing the vulnerable groups of poor and low income group. Housing provision for the low income group Malaysia has made a huge stride (UN- Habitat, 2005). Implementation of public private partnership for housing is significant and does not imply a reduction in government responsibility in the provision of affordable housing to the low-income group. It encourages an integrated approach to the use of financial institutions, human and physical resources in public, private and so called the "third" sectors - the community so that full advantage can be taken of the strengths and capabilities of each of them (Ong & Lenard, 2002).

It can be concluded that implementation of public private partnership is seen as the way forward in formulating policies to address issues in supply of affordable housing in meeting the demand of the growing population. Rationale being that emphasis is now on the provision for housing within the middle income segments. Moreover, the policy is seen as moving towards the state's responsibilities. Partnership is also a win win situation for both parties. This is verified by a developer (P1) and official from a local authority (P2) both are involved in affordable schemes :

P1 " partnership is favourable because it balances the need (for housing) of the middle income segment , who are mostly Malays" .

P2 "partnership (of federal affordable housing programme) will complement the states on enhancing the supply of affordable housing".

Nevertheless, there are various issues in the implementation of public private partnership thus this provide a signal to the regulatory body concerning the need to immediately overcome the issue. This is mainly because implementation of public private partnership is still new and progressing in Malaysia, so the need for clear guidelines and procedures is considered important by key players in the industry.

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