

HOUSING CRISIS IN PENINSULAR MALAYSIA:

PUBLIC POLICY AND HOUSING NEEDS, 1946 - 1990

by

RABIEYAH BTE MAT

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ABSTRAK

Magnitud dan ciri-ciri masaalah perumahan di beberapa wilayah di Semenanjung Malaysia kini kian mendapat perhatian sewajarnya dari pihak Kerajaan. Keperluan perumahan bagi negara ini telah pun di kesan, tetapi masih belum lagi di gubal menjadi polisi yang utama. Kegagalan mengaitkan keperluan dengan polisi serta implementasi yang kurang berkesan ini menunjukkan tanda-tanda bahawa kerajaan harus bergiat untuk mencekam masaalah perumahan.

Tujuan utama kajian ini ialah untuk mengupas dan menilaikan polisi-polisi perumahan dan implimentasinya di Semenanjung Malaysia bagi tempoh 1946-1970. Ia juga bertujuan meramalkan keperluan perumahan bagi tempoh 1971-1990 dan mencadangkan perubahan-perubahan polisi yang sesuai.

Kajian ini didasarkan terutamanya dari data-data yang diperolih dari Banci Perumahan tahun 1970, Survey Perumahan di beberapa bandar besar, dokumen-dokumen dari Kementerian Perumahan dan Kemajuan Kampung dan wawancara-wawancara dengan pegawai-pegawai yang terlibat secara langsung dengan issue-issue perumahan.

Kajian ini dibahagikan kepada lima peringkat masa. Dalam peringkat masa yang pertama (1946-1955), Kerajaan adalah di dalam peringkat "campur-tangan awal", di kala mana usaha penyediaan rumah adalah secara sambil lewa atau untuk mengatasi masaalah tertentu sahaja. Peringkat masa kedua (1956-1965) memperlihatkan peringkat peralihan dalam mana Kerajaan mengambil dayausaha bagi membekalkan perumahan tetapi telah mencapai kejayaan yang kurang memuaskan. Peringkat ketiga (1966-1970) mengutarakan perlaksanaan "Polisi Social Perumahan". Sungguh pun adanya polisi ini, masaalah perumahan masih ujud seperti yang diperlihatkan oleh pencerakinan keputusan Banci Perumahan tahun 1970. Keadaan ini timbul kerana kurang berkesan dan kelemahan keupayaan Kerajaan dalam

mengimplimentasikan polisi tersebut. Tambahan pula kedua-dua polisi dan targetnya adalah agak sempit. Kewangan juga tidak mencukupi. Ini mengakibatkan bertimbun-tambah keperluan perumahan dalam anggaran 235,000 hingga 353,000 unit dalam tahun 1970. Tambahan lagi, perbezaan yang luas antara bandar dengan luar-bandar yang terdapat dewasa ini, di mana keadaan yang kurang sempurna terdapat di luar-bandar terutamanya dalam perbekalan dan kelengkapan-kelengkapan.

Dari segi pengeluaran rumah, Semenanjung Malaysia nampaknya di bawah paras norma Bangsa-Bangsa Bersatu iaitu sebanyak 10 tempat kediaman bagi setiap 1000 orang penduduk. Semenanjung Malaysia cuma mencapai 7 tempat kediaman tiap-tiap 1000 penduduk. Perumahan murah awam berupaya membekalkan hanya 1.9% dari jumlah sumbangan walaupun sebahagian besarnya itu 75.9% dari jumlah isi rumah yang berpendapatan kurang dari \$300 sebulan, dan merupakan orang-orang yang patut di beri keutamaan dalam pemberian rumah-rumah ini. Pemaju-pemaju perumahan hanya bersedia menunaikan permintaan bagi golongan pertengahan dan yang berpendapatan tinggi sahaja. Yang lainnya, terutamanya penghuni setingan, telah mengambil daya usaha bersendirian dalam menyelesaikan masalah perumahan masing-masing.

Kajian untuk jangka masa akan datang kelihatan menunjukkan keperluan tahunan lebih kurang 160,000 unit. Lebih kurang 60% dari keperluan ini disalurkan bagi memenuhi keperluan perumahan yang timbul dari pertambahan penduduk, 36% untuk mengganti semula atau memperbaiki perumahan dan lebih kurang 4% dikehendaki untuk mengurangkan kepadatan ketakad yang dikehendaki. Sementara masalah yang meruncing di bandar-bandar ialah dalam memenuhi keperluan perumahan untuk pertambahan penduduk, masalah di luar bandar pula ialah dari segi mengganti semula atau memperbaiki rumah-rumah sedia ada.

Tempoh Rancangan Malaysia Kedua (1971-1975) memperlihatkan gerak Kerajaan kearah "Pendekatan yang comprehensive", tetapi telah tidak menerima tanggungjawab sepenuhnya bagi memenuhi keperluan perumahan. Dalam usaha mencari satu penyelesaian, Kerajaan memainkan peranan yang lebih gigih dan berani di bawah Rancangan Malaysia Ketiganya (1976-1980). Di sini Kerajaan dengan nyata mengishtiharkan strategi-strategi perumahannya. Dengan ini Kerajaan bolehlah dianggapkan mengambil daya "pendekatan yang comprehensive" di bawah Rancangan Malaysia Ketiga. Namun begitu, perubahan polisi yang lebih radikal dan implimentasi yang lebih berkesan adalah dikehendaki untuk mengatasi masalah keperluan perumahan.

ABSTRACT

The magnitude and character of housing problems in parts of Peninsular Malaysia are fast gaining attention of the Government. Housing needs of the country have been identified but have not been translated into policy initiatives. The failure to link needs and policy plus ineffective implementation are indications that the Government should intensify its effort in solving the housing problems.

The main purpose of this study is to provide a review and evaluation of the housing policies and their implementation in Peninsular Malaysia for the 1946-1970 period. It is also the purpose to project future housing needs for the period 1971-1990 and to suggest suitable policy changes.

This study is based mainly on data obtained from the 1970 Housing Census, ad hoc housing surveys in major towns, documents from the Ministry of Housing and Village Development and interviews with officers directly concerned with housing issues.

This study is divided into five periods. During the first period (1946-1955) the Government was in the 'Initial Intervention' Stage, where effort in providing housing was done on an ad hoc basis. The second period (1956-1965) saw the transitional stage in which the Government made an effort to provide housing but performed dismally. The third period (1966-1970) saw the adoption of the 'Social Housing Policy'. Despite this policy, the housing problem remained as was evident from the findings of the 1970 Housing Census. This situation came about because of ineffective and weak implementation capacity of the Government. Moreover, both policy and the target set were narrow. The fund available was also inadequate. This has resulted in an accumulated housing needs ranging from 235,000 to 353,000 units as at 1970. In addition, rural-urban disparities were dramatized by

the existing situation. Rural areas fared poorly in the provision of basic amenities and facilities.

With regard to housing production, Peninsular Malaysia seems to fall below the United Nations norm of 10 dwellings per 1000 population. Public low cost housing was able to provide only 1.9% of the total contribution in spite of 75.9% of total households earn less than \$300 a month, who should be given priority for these houses. Private developers were only willing to cater the demands of the middle and the upper income groups. Others particularly the squatters had taken the initiative in solving their own housing problems.

The future seems to indicate an annual need of about 160,000 units. About 60% of this need goes to providing houses for the increase in population, 36% for replacement or rehabilitation, and about 4% to reduce density to a desired level. While the acute problem in the urban areas is in the supply of housing to cater for population growth, the pressing problem in the rural areas is one of replacement or rehabilitation.

The Second Malaysia Plan (1971-1975) period saw the Government moving towards the 'Comprehensive Approach' but has not accepted the total responsibility of meeting housing needs. In response to the search for a solution, the Government under the Third Malaysia Plan (1976-1980) become bolder in its approach, and explicitly declares the housing strategies. Thus the Government can be regarded as adopting the 'comprehensive' approach under the Third Malaysia Plan period. Nevertheless, radical policy changes and more effective implementation are needed in order to meet the housing needs.

TABLE OF CONTENTS

	<u>Page</u>
Acknowledgements	
Abstrak	
Abstract	
Table of Contents	
List of Tables	
List of Charts	
Chapter	
I INTRODUCTION	
1.1 Objectives and Significance of Study	1
1.2 Limitations of Study	5
1.3 Definitions and Concepts	7
1.4 Data Base	10
1.5 Review of Related Literature	11
1.6 Housing Policy Models/Groupings	14
1.7 Scope and Organization of the Study	33
III HOUSING POLICIES IN PENINSULAR MALAYSIA, 1946-1970	
2.1 Introduction	37
2.2 Pre-Independence Period, 1946-1955	39
2.3 The Early Period of Independence, 1956-1965	57
2.4 The 1966-1970 Period	73
III HOUSING CONDITIONS AND NEEDS, 1970	
3.1 Factors Affecting Housing Shortage	91
3.2 Appraisal of the 1970 Housing Situation and Conditions	101

	<u>Page</u>
3.3 Estimation of Housing Needs as at 1970	115
3.4 Total Housing Needs as at 1970	131
3.5 Conclusions	135
IV EVALUATION OF HOUSING POLICIES AND PAST PERFORMANCES	
✓4.1 Housing Policies	139
4.2 Organization and Implementation Capacity	147
4.3 Financial Limitation	152
4.4 Performance	156
✓4.5 Public Housing	161
✓4.6 Housing Quality	167
4.7 Conclusion	173
V FUTURE HOUSING NEEDS, 1971-1990	
5.1 Review of Methodologies	178
5.2 Population Projections	184
✓5.3 Growth of the Rural and Urban Population	188
✓5.4 Standards for Estimating Housing Need	191
5.5 Housing Needs as a Result of Population Growth	192
5.6 Housing that will be needed for Replacement or Rehabilitation	200
5.7 Housing Units that will be needed to reduce Density to a Desired Level	208
5.8 Consolidated Future Housing Needs	222
✓5.9 Policy Implications of Future Housing Needs, 1976-1990	223
5.10 Housing Needs and Demands by Income Groups	227

	<u>Page</u>
VI CONCLUSIONS AND RECOMMENDATION	
6.1 The Second Malaysia Plan (SMP) Period, 1971-1975	236
6.2 The Third Malaysia Plan (TIP) Period, 1976-1980	252
6.3 Recommendations	269
6.4 Conclusion	282

Appendixes

Bibliography

LIST OF TABLES

<u>Table</u>	<u>Page</u>
1.1 Conceptual Framework For Housing Policy	36.
2.1 Number of Housing Personnel in the Housing Trust, Malaya, 1953-1955	47
2.2 Loans and Repayment Rate	51
2.3 Number of Houses built by the Housing Trust, Malaya, 1953-1955	53
2.4 Estimated Number of Houses Built in Malaya by Various Agencies, 1946-1955	54
2.5 Number of Housing Personnel in the Housing Trust, Peninsular Malaysia, 1956-1965	65
2.6 Public Investment, Peninsular Malaysia, 1956-1965	68
2.7 Estimated Number of Houses Built in Peninsular Malaysia by Various Agencies, 1956-1965	71
2.8 Number of Personnel in the Housing Trust in Peninsular Malaysia, 1966-1970	81
2.9 Public Investment, Peninsular Malaysia, 1966-1970	84
2.10 Estimated Number of Houses Built in Peninsular Malaysia by Various Agencies, 1966-1970	87
3.1 Past and Future Population Growth, Peninsular Malaysia, 1911-1990	95
3.2 Private Household Population and Occupied Private Housing Units, Peninsular Malaysia, 1931-1970	100
3.3 Percentage of Living Quarters with Number of Occupants Peninsular Malaysia, 1947-1970	101
3.4 Number and Percentage of Private Living Quarters, Persons, Households in Urban and Rural Areas Peninsular, 1970	105

	<u>Page</u>
3.5 Measure of Overcrowding - Peninsular Malaysia, 1970	107
3.6 Distribution of Water Supply by Type and by Strata, Peninsular Malaysia, 1970	109
3.7 Distribution of Toilet Facilities by Type and Strata, Peninsular Malaysia, 1970	110
3.8 Distribution of Lighting by Type and by Strata, Peninsular Malaysia, 1970	112
3.9 Physical Condition of Occupied Private Living Quarters, Peninsular Malaysia, 1970	113
3.10 Distribution of Materials of Wall, Peninsular Malaysia, 1970	114
3.11 Unacceptable Types of Living Quarters, Peninsular Malaysia, 1970	117
3.12 Number of Housing Units by Number of Persons Per Room in Urban and Rural Areas, Peninsular Malaysia, 1970	122
3.13 Number of Housing Units needed to Reduce Density to a Desired Level in Urban and Rural Areas, Peninsular Malaysia, 1970	123
3.14 Number of Housing Units needed to Reduce Density To A Desired Level in Urban and Rural Areas Using Different Standards, Peninsular Malaysia, 1970	124
3.15 Number of Housing Units Required to Provide Separate Units for Shared Households, Urban and Rural Areas, Peninsular Malaysia, 1970	126
3.16 Housing Quality in Peninsular Malaysia, 1970	129
3.17 Total Housing Needs in the Urban and Rural Areas, Peninsular Malaysia, 1970 (High Estimate)	133
3.18 Total Housing Needs in the Urban and Rural Areas, Peninsular Malaysia, 1970 (Low Estimate)	134

	<u>Page</u>
4.1 Housing Quality in the New Villages, Peninsular Malaysia, 1970	140
4.2 Distribution of Persons Engaged in Housing Industry by Type of Construction, Peninsular Malaysia, 1964-1970	149
4.3 First Malaysia Plan - Federal Allocations of Public Investment, Peninsular Malaysia, 1966-1970	155
4.4 Housing Performance, Peninsular Malaysia, 1946-1970	158
4.5 Distribution of Housing Shortage As At 1970 by Income Groups, Peninsular Malaysia	160
4.6 Number of Public Housing Units by Monthly Rents, Peninsular Malaysia, 1969-1974	166
4.7 Estimated Number of Housing Units with Electricity, Peninsular Malaysia, 1951-1970	168
4.8 Estimated Number of Housing Units with Piped Water Supply, Peninsular Malaysia, 1955-1970	171
5.1 Urban-Rural Distribution of Populations, Peninsular Malaysia, 1957-1970	190
5.2 Estimated Number of Persons Per Household in Urban and Rural Areas, Peninsular Malaysia, 1970-1990	193
5.3 Estimated Number of Housing Units in Urban and Rural Areas Peninsular Malaysia, 1970-1990	196
5.4 Number of Housing Units Needed to Provide Housing for Population Growth, Peninsular Malaysia, 1971-1990	198
5.5 Number and Percentage Distribution of Housing Units by Age and Conditions for Some States, Peninsular Malaysia, 1970	202
5.6 Percentage of Housing Units Needed to be Replaced by Reasons.	206

	<u>Page</u>
5.7 Number of Housing Units Needed for Replacement/Rehabilitation, Peninsular Malaysia, 1970-1990	207
5.8(a) Number of Housing Units Needed to Reduce Density to a Desired Level, Peninsular Malaysia, 1970-1990 Assumption A (Using Mean)	212
5.8(b) Number of Housing Units Needed to Reduce Density to a Desired Level, Peninsular Malaysia, 1970-1990 Assumption B (Using Mean)	213
5.8(c) Number of Housing Units Needed to Reduce Density to a Desired Level, Peninsular Malaysia, 1970-1990 Assumption A (Using Mean)	214
5.9 Number of Housing Units Needed to Reduce Density to a Desired Level - Peninsular Malaysia, 1970-1975 (Using Median)	215
5.10 Number of Housing Units Needed to Reduce Density to a Desired Level, Peninsular Malaysia, 1970-1990	216
5.11 Number of New Rooms That Will be Needed in Rural Areas to Reduce Density fo a Desired Level, 1971-1990	217
5.12 Consolidated Future Housing Needs in Urban Areas, Peninsular Malaysia, 1971-1990	218
5.13 Consolidated Future Housing Needs in Rural Areas, Peninsular Malaysia, 1971-1990	219
5.14 Consolidated Future Housing Needs in Peninsular Malaysia, 1971-1990, Total = Urban and Rural	220
5.15 Consolidated Future Housing Needs Plus 1970 Back-log Peninsular Malaysia, 1971-1990 (High Estimate and Low Estimate)	221

	<u>Page</u>
5.16 Household Expenditure on Housing, by Various Income Group, Peninsular Malaysia, 1973	232
5.17 Distribution of Housing Needs by Income Groups, Peninsular Malaysia, 1971-1990	233
5.18 Financial Housing Needs by Income Groups, Peninsular Malaysia, 1971-1990 (\$ Million)	233
6.1 Number of Personnels in the Ministry of Housing, Peninsular Malaysia, 1970-1975	242
6.2 Number of Personnels in the Housing Trust, Peninsular Malaysia, 1971-1975	243
6.3 Public Investment, Peninsular Malaysia, 1971-1975	245
6.4 Housing Expenditure for Housing by Public Sector in Peninsular Malaysia, 1971-1975	246
6.5 The Second Malaysia Plan, Housing Performance Peninsular Malaysia, 1971-1975	251
6.6 Number of Establishment Filled and Vacant in the National Housing Department, Peninsular Malaysia, 1977	260
6.7 Public Investment, Peninsular Malaysia, 1976-1980	261
6.8 Public Development Expenditure For Housing Programs, 1976-1980	262
6.9 Number of Housing Units Planned for the Third Malaysia Plan, Peninsular Malaysia, 1976-1980	264
6.10 Housing Programs for the Third Malaysia Plan, Peninsular Malaysia, 1976-1980	267
6.11 Estimated Housing Units (in thousands) in need of Basic Amenities and Facilities in Rural Areas, Peninsular Malaysia	268
6.12 Housing and Financial Needs Per Annum by Income Groups, Peninsular Malaysia, 1971-1990	275

LIST OF CHARTS

		<u>Page</u>
Chart		
2.1	Housing Policy Models Applied to Peninsular Malaysia	38
2.2	Number of Housing Units Completed by Housing Trust, Peninsular Malaysia, 1956-1965	70
2.3	Number of Housing Units Completed by the Housing Trust, Peninsular Malaysia, 1966-1970	86
3.1	Theoretical Linkage of Factors Influencing Housing Needs	93
4.1	Budgetary Allocation For the Provision of Housing (Social Services), Peninsular Malaysia, 1956-1970	153
6.1	Amount of Housing Credit to Private Sectors	247
6.2	Number of Low-Cost Public Housing Units Completed, Peninsular Malaysia, 1971-1975	250
6.3	Organization Chart of the Ministry of Housing and Village Development, Peninsular Malaysia, 1977	259

CHAPTER I

INTRODUCTION

1.1 Objectives and significance of Study

There has been growing concern in recent years of the need to relate planning and policy making to sets of societal objectives which go beyond conventional economic or physical development targets. Gross national product is not the only indicator of a nation's well-being. Other social indicators of well-being such as health, education, housing, equality of opportunity etc., have been developed. The social aspects of development are gradually being given the priority formerly accorded to the purely economic aspects. This qualitative shift is provoking different attitudes and priorities within the development process. As the interest of governments in the social aspects increases, it has become more desirable to provide estimates of the degree of social well-being that is currently provided through housing.

Housing has highly significant social implications because it provides the shelter for our basic unit - the family (Beyer, 1958:2). Van Huyck (1974:1) expressed that "Housing is considered one of the necessities of man. Housing has a major potential for expanding the construction industry, generating jobs, inducing savings and contributing to capital formation". It is not adequate as just a

provision of basic shelter, it must be acceptable and up to a certain standard. Satisfactory housing is an essential aspect of adequate living conditions. The space, the degree of crowding, the facilities and the conditions affect the activities of the occupants and influence their health and social outlook. Housing has long been selected as one of the major social items which could indicate well-being or quality of life. This is illustrated by its appearance on all major lists of social concerns¹.

The United Nations ad hoc group of experts (1973:3) on social indicators for housing points out that "the central importance of housing in the processes of change and development calls for the creation of indicators that will provide policy makers with reliable, valid and usable data for assessing the housing system".

Formulation of a housing policy is emerging as an increasing concern for many governments. Malaysia, like most other countries, has never had a coherent housing policy, though in the past it had piecemeal declared objectives which could be construed as policy.

¹ See for examples:

- a) United Nations Research Institute for Social Development (1970 - Report No. 70.10), (1976- Report No. 76.1).
- b) United Nations, Department of Economic and Social Affairs (1975).
- c) Central Statistical Office (1974).
- d) Wilcox L.D. et al (1972).
- e) Philippines (1976).

Currently considerable effort is going into the study and development of a full housing policy. An important step forward in formulating housing policy is the provision of statistics to assess the housing situation of the country. Such statistics also provide the benchmark for estimating current and future housing needs. A reliable estimate of housing needs is an important factor in establishing housing policy and for the formulation and evaluation of housing programs. It could indicate the magnitude of housing problems and serve the purpose of providing guidelines in the formulation of housing policy.

The main objectives of this study are two-fold:-

1. To provide a review and evaluation of the housing policies and their implementation in Peninsular Malaysia for the period 1946 to 1970.
2. To project future housing needs for the period 1971-1990 and to suggest policy changes required to satisfy them.

Housing as one of the indicators of improvement in the levels of living in Malaysia could be used for monitoring and evaluating progress towards the achievement of certain goals such as provision of equal opportunities for all, eradication of poverty, improving the general health of the population, restructuring of society and so on. These goals must be specified for operational purposes.

Thus, for example, eradication of poverty could include provision of adequate housing.² Improving the general health of the population could be translated in part as provision of piped water supply and adequate sanitary facilities and elimination of overcrowding. Thus improvement of housing quality would be a step toward the attainment of other important national goals.

A study of this nature will provide a better perspective on what policies have been formulated to deal with housing problems in Peninsular Malaysia, to what degree they have been implemented and whether they have been adequate. The assessment of the housing situation both quantitatively and qualitatively is a prerequisite to effective policy formulation. In addition estimates of current housing shortfalls offer an important factor in establishing housing policy and for evaluation of housing performances. The estimate

² Low income families are deprived with respect to housing in a number of ways. For example, to obtain even unsatisfactory housing units, they are forced to pay such a high proportion of their income for housing and thus have to forgo some of other necessary things in life. Poverty is generally conceived not as low income per se but as the collectivity of adverse living conditions which are associated with housing. Thus, poor housing conditions and lack of some of the basic provisions are some of the major indicators of poverty.

should indicate the magnitude of the housing problems and point to the direction where the needs are felt most. Estimation of future housing needs may serve as guides for policy changes in the future. Knowledge of future needs could perhaps pinpoint where the priority should lie. There has been increasing emphasis on the need to formulate national housing programs on a sound statistical basis.

There have been few studies³ on housing problems in Malaysia and hardly any of these have placed housing in the context of needs and policy formulation. It is hoped that this study can fill this gap by describing housing policy and evaluating it through the utilization of statistical data concerning present and future housing needs.

1.2 Limitations of Study

There is no comprehensive housing data for Malaysia prior to 1970. Thus no rigorous comparison of the current housing situation with that in the past could be made. This limits the evaluative study of the housing policy and performance. Nevertheless from the

³ To cite some examples:

- a. Tan Soo Hai and Tan Sri Hamzah Sendut (1975).
- b. Chander, Fernandez, Rabiayah (1974).
- c. Gibbons, Fernandez, Rabiayah (1974).
- d. Papers prepared for EAROPH Conference on Human Settlement for the Low Income Group (1976).

census reporting of the period of construction of living quarters, estimation of annual construction in the past could be made. From these estimates the total stock of housing existing at points in time in the past were calculated.

The estimation of housing needs in Peninsular Malaysia is constrained by the nature of available data. This estimation of needs utilizes data from the 1970 Housing Census. The nature of the Census does not allow for a study in depth. For example, no link of housing and household characteristics is possible from the 1970 Housing Census; whether the low income population occupy houses of low standard cannot be statistically proved. To complement the 1970 Census this study utilizes available social surveys which although strictly speaking not fully comparable or representative of the country as a whole do add useful material. Nevertheless gaps in the data remains.

Housing census data could act as benchmark statistics in housing that could be supplemented by current housing construction statistics. But absence of complete record on the rate of construction over a period of time limits this use. Housing shortage and future housing requirements could not be compared with the rates of housing production being attained. The characteristics of households in need of housing cannot be directly measured and could not be considered in relation to the availability and cost of housing.

This analysis of housing policies in Peninsular Malaysia is limited to the extent that there was no explicit housing policy laid down for the country prior to 1970. Hence the review has to be based on statements made by politicians, ministers and officials and available documents which imply policy.

Housing needs expressed in this thesis are only at national level. For the effective formulation and implementation of programs, housing needs must be related to specific regions within the country and the economic and social characteristics of the population in need of housing. This would enable priorities to be accorded. Owing to absence of population projections⁴ at the local levels (district) such estimates could not be undertaken.

1.3 Definitions and Concepts⁵

- a) Housing Policy: Housing policy in Malaysia was not made explicit by the Government before 1970. However public statements by ministers, politicians and officials and stated objectives expressed in the five year development plans could indicate some form of housing policy. The housing policy is to some extent implicit in government's activities and public investment in housing.

⁴ Population projection even if available at district levels, would not be too reliable since this involves migration component which is difficult to estimate. Migration pattern for the future is unpredictable.

⁵ See details of the definitions and concepts in Appendix 1.

- b) Housing Needs: For the purpose of this thesis, housing needs are defined as the number of housing units or other suitable living quarters of a specified quality that need to be constructed or improved in order to bring housing conditions, as of a particular point of time up to nationally adopted standards, plus the number that need to be constructed, resulting from population growth, replacement and reduction of density to a desired level. The term housing need is used in a social sense to express the extent to which housing conditions fall below the norms considered necessary for health and privacy.
- c) Household: Following the United Nations (1967) definition, the 1970 Census of Malaysia defined 'household' as a group of persons who live together and make common provision for food and other essentials of living. (1970 Population and Housing Census of Malaysia - Instruction manual - Form 20 p.1). A household may be either a one-person household or a multi-person household. The persons in the household may be related by blood or marriage or unrelated or a combination of both. For the purpose of this thesis using the 1970 census data, the above definition is adopted.
- d) Housing Units or private living quarters⁶: For the purpose of this study, living quarters is restricted to private living

⁶ The term housing unit is used interchangeable with private living quarters throughout this thesis.

quarters or housing units which refers to structures built or converted for living and or sleeping intended for one household⁷ at the time of Census. These are confined to house or bungalow type which are detached, semi-detached and terrace row houses, flats or room(s) attached to house in shophouse or in housing block. The other categories are labour lines, make-shift and improvised huts. Structures not intended for living and sleeping particularly a living space and a natural shelter are only included as unacceptable units for the purpose of estimating housing shortage.

- e) Rooms: A room is defined as a space in a living quarter intended for living and/or sleeping which is enclosed by permanent or semi-permanent walls or partitions which need not reach the roof or ceiling but should be high enough to give some privacy. The room may be of any size. Bedrooms, dining-rooms, studies, servants rooms, kitchen and rooms used for business or recreation purposes are considered as rooms. But utility or service rooms such as storerooms, toilets, laundry rooms and bathrooms are not counted as rooms. If parts of one large room are separated at night by curtains for sleeping purposes they are not considered

⁷ Although intended for habitation by one household, a housing unit at time of census may be occupied by one or more households or by part of a household.

as rooms. If the fourth wall is a curtain, then the area is counted as a room. Verandahs unless fully enclosed and intended for living or sleeping purposes are not regarded as rooms.

1.4 Data Base

Findings of the study are based on the following sources of information: the 1970 Housing and Population Census (see Appendix II for details); documents of Ministries and interviews with officials who are directly concerned with housing issues.

In addition, statistics on housing by private developers⁸ and other agencies as well as public housing are utilized. These data are obtained from administrative records of the Ministry of Housing and Village Development and the agencies concerned.

Statistics are also obtained from various surveys such as the 1973 Household Expenditure and Income Survey⁹, George Town Low Cost Housing Survey, 1971,¹⁰ and the Kuala Lumpur Low Cost Flats Surveys 1968.¹¹

⁸ Department of Statistics, Social Statistics Bulletin, 1969-1971, 1972, 1973/74, 1975.

⁹ Department of Statistics, 1973 Household Expenditure and Income Survey (unpublished).

¹⁰ Universiti Sains Malaysia, George Town Low Cost Public Housing Survey 1971 (unpublished).

¹¹ Department of Statistics and Ministry of Housing and Local Government, Socio-Economic Survey Low Cost Flats, 1968, Kuala Lumpur (unpublished).

It is these statistics which form the basis of the measurement of housing quality and estimation of current and future housing needs. Future housing needs are based on population projections and other population information.

The elaboration of the study, especially on housing policy, is based mainly on national monographs and the materials supplied by the Ministry of Local Government and Housing. Other sources of data were discussions with government officials and private developers. With regard to policy changes for the future, most of the suggestions are from the discussions held in the Interagency Planning Group meetings for the Third Malaysia Plan. The suggestions are also based on reading materials written by authors who are considered authorities on the subject of housing.

1.5 Review of Related Literature

Among the myriad problems confronting many countries, the provision of adequate housing is among the most perplexing and increasingly urgent. The "World housing survey" (United Nations, 1973) reaffirms that housing conditions on the whole continue to deteriorate at an alarming rate. Abrams (1964) lucidly stressed that housing is assuming a new importance in the struggle for subsistence. The existing housing problem is aggravated by the explosive urbanisation that most countries are experiencing (Wheaton, Milgram and Meyerson ed 1966, Abrams 1964, Grigsby and Rosenberg 1975).

Poethig (1971) and Golger (1972) express their concern that mass migration into the cities has pushed the squatter problem into the limelight. Abrams gives a distressing picture of further deterioration, as the urban influx grows which results in many thousands of people sleeping in the street. To quote Abrams (1964: 53), "so far as housing is concerned, the whole world has remained underdeveloped".

Government intervention is indispensable in solving housing problems. But there are many variations in the capacities of governments to act (Donnison 1967, Abrams 1964, Beyer 1965, Van Huyck, 1974). The roles of governments in the field of housing depend among other things, on the social and economic character of society, the housing policies, the financial capabilities and the organizational structure of the governments concerned as mentioned by Donnison (1967), Van Huyck (1974) and United Nations (1966 and 1973). But more often than not there has been no real housing policy, inadequate funds and shortage of personnel to tackle the housing problems. Van Huyck (1974) states that many housing policies fail to meet their potentials mainly because of failure to recognise the limitation of financial resources, administrative capability and lack of effective implementation strategy.

Public housing is one governmental program to provide people with facilities and low-cost housing. Low-cost housing as a mutual problem is keenly felt in developing countries (Friedrich Ebert Stiftung, 1973).

As Turner (1972) claimed, the mass of population in economic of scarcity cannot afford to build or pay for dwellings. Downs (1973) attempted to offer a solution in that government should give subsidies either in terms of increasing the income of the poor households or providing housing allowance. In the efforts to resolve the housing shortage for the low-income population, most developing countries appear to have reached the conclusion that mass construction of housing by public bodies can solve the problem.

Nevertheless, the experience of the last two decades has shown that most of the developing countries have not been able to provide adequate supply due to lack of public funds and problems of implementation, (International Development Research Center, 1975). Thus, the major additions to the housing stock appear to have been contributed by the private sector. Public low-cost housing is not only in short supply, but also they are not always welcomed by the displaced households (Hopkin, 1969). Nevertheless successful story of public housing can be seen in countries like Singapore (Yeh 1972, Housing and Development Board, Singapore 1972, Riaz Hassan, 1972).

The United Nations (1963, 1966, 1967, 1973) stressed that the estimation of future housing needs is an important factor in establishing housing policy and for the formation and evaluation of housing programs. Cullingworth (1966) and Needleman (1965) outline a method for estimating housing needs and show in what way the needs have changed over the years. Cullingworth (1966) also indicates that

changes that are taking place in the structure of the population will lead to a need for more houses. He further shows that these changes require a revision of policy.

The formation of housing policy on a sound statistical basis has just emerged in Peninsular Malaysia. Hamzah Sendut and Tan Soo Hai (1975) present various interesting aspects of housing but fail to review the housing policy in Malaysia except in their treatment of the financial aspect. Papers presented at the EAROPH conference 1976 on human settlement for the low-income groups also did not specifically contain the subject on housing policy in Malaysia though this was briefly touched upon by few writers (Kamal Salih, Rama Ayer, Ahmad Rahim, 1976). Some official documents (Ministry of Housing and Village Development) show some guidelines in the formulation of policy. The policy and implementation of low cost housing was discussed in greater depth at a recent panel discussion (Malaysian Institute of Architects, 1977).

The Malaysian government has been aware of the need to use statistical data to formulate policy. Using the 1970 housing census data, the magnitude of the housing problem and the housing shortage was expressed. Chander, Fernandez, Rabiayah, (1974) present the calculations of housing shortage and future housing needs quantitatively using alternative assumptions. Gibbons, Fernandez, Rabiayah (1974) measure the quality of the 1970 housing situation using the Guttman Scalogram technique. The information on the quality and distribution of the housing stock is being used for the formulation

of a national housing policy (Malaysia, Third Malaysia Plan, 1976). It must be mentioned that there has been no in-depth study of housing policy and implementation as yet been carried out in Malaysia.

1.6 Housing Policy Models/Groupings

Now we will examine a number of variants of housing policy models or groupings which sketch different patterns of Government's responsibility ranging from limited involvement to heavy commitment as exemplified from Table 1.1 at the end of this section. The terms "housing policy model" or "policy grouping" is used to signify the intended contribution of the public sector to the fundamental principles which characterize the organization and working of the housing system within a given economic system, see Nevitt (1967:149). It encompasses aspects of production, management and distribution of housing units, as well as the system of meeting housing needs irrespective of income groups and areas. There are three main groupings of housing policy as outlined by Donnison (1967: 87-112): a) Initial Intervention b) Social Housing Policy and c) Comprehensive Housing Policy.

- a) Initial Intervention is said to consist of housing legislation and policies of an ad hoc nature usually in response to a specified problem and not designed to deal with overall housing problems. Initial intervention in housing by governments of free enterprise economies, began after World War I. This period covered the years prior to 1960. During this period, activities concentrated on reconstruction of the economy as a whole. The motivation for the inauguration of housing programmes was not to evolve a cohesive housing

policy for the country, but rather to use housing as a means of aiding in the elimination of the depression and recovering from the after-effects of the war. In the circumstances, housing was given a low priority. Government's role in the housing field was thus considered limited.

There was no actual policy during this period. Planning on the whole was seriously lacking and was on ad hoc basis. Techniques of economic planning were not understood and there was no or little political support for planning of any kind. Governments during this period interpreted their responsibilities in a variety of ways, based on limited experience. Most governments started with a project approach, such as regional development, slum replacements, housing for war veterans or refugees, etc. These piecemeal actions did little to solve housing problems.

There was implementation of laws with regard to provisions of housing. In the United States, a Housing Act was passed in 1949 with the objective of establishing a policy for housing and community development. In the Philippines, a housing act was passed in 1941 with the objective of providing decent housing for those unable to provide for themselves. For details see United Nations, No. 9. In Malaysia there was no actual Act of Housing but policy statements relating to control of housing development, emphasising on public health and safety aspects were announced.

Donnison (1967:90) stressed ^{that} political pressures and a sense of social justice compel governments to invest in rural areas ..."

Donnison regarded Initial Intervention as too conservative. In the first place, there was no proper Ministry of Housing. For example, in the United Kingdom in 1945, housing was placed under the Ministry of Health. Private enterprise was responsible for almost three quarters of the houses to be built. Housing problems of the low income group were intended to be solved by emphasis on construction of rental houses. In Sweden, controls over housing were exercised by several departments with considerable overlapping and conflict in jurisdiction. For example, executive responsibility for local housing program was vested in the Local Housing Authority, housing proposals by the Ministry of Health, while licensing of all private building by the Ministry of Works.

Government's responsibility in providing financial assistance during this period was also limited. Subsidies on housing were negligible until after World War I. Public financial assistance was small in the early twenties and was on a relatively minor scale during the thirties. Since World War II, the level of house construction has increased steadily. As a result, the financial burden falling on the governments also increased.

Since houses were built for rent, rent control was a key element in the housing policy during this time. The Rent Act was established in 1946 in England and in 1947 in Scotland.

In South-East Asia, for example, the Rent Act was also enforced in the Philippines, Thailand, Singapore and Malaysia (rent control for houses built before 1948). The objectives of rent control were to stabilise housing and building costs at low levels and also to control land lords' profiteering and to reduce housing expenses for the working classes.

In summary we can say that when a government is said to be intervening for the first time, its programs may bear directly or indirectly on housing. The interventions were of an ad hoc nature meant for specific purposes and not coordinated. Hence they had little impact. The government may have been concerned with promotion of employment, agriculture development, industrialization and other economic development which directly or indirectly affect housing. It endeavours to assist in the housing of skilled workers, civil servants, military personnel, teachers and other public servants and those related to the development programs. The methods used for these purposes could be in the form of direct investment by government agencies, grants, allowances, loans or even tax privileges. But these activities were designed for other purposes and conceived as a number of separate projects. In fact they were never intended to constitute a "housing policy." The Initial Interventions by government usually were ill-coordinated. See Table 1.1 for a

list of housing-related activities that government may perform under this "policy." The programs fell short of an effective overall housing policy.

- b) Social Housing Policy: is designed to meet the needs of specific groups not adequately catered for by the market. Government's intervention is on a planned and considerable scale to perform or control many of the functions listed in Table 1.1. Government's aids are in the form of low cost building, lending at low rates of interest, subsidies,¹² rent controls and other measures. This kind of involvement appears to have occurred during the 1960's in many countries in which governments were said to have a 'fundamentally residual role' in the field of housing. Donnison (1967: 92) considered this pattern of housing responsibilities assumed by governments as the 'Social Housing Policies.'

Much legislation and many by-laws pertaining to housing were passed. The emphasis was more on slum clearance and re-housing of slum dwellers and squatters. Other legislation concerning rent control, building by-laws and improving of housing standards were also enforced by the governments with Social Housing Policies.

¹² Anthony Downs (1973:1) described housing subsidies as any form of economic assistance provided to consumer or producers of housing in order to lower the price or costs of housing.

It was noticed from experience of several countries, that governments were moving towards integrating housing programs more thoroughly and comprehensively with national development programs and especially with strategic industrial and agricultural projects. To this end, an increasing number of countries which did not have separate housing organisations were creating national housing agencies and/or ministries so as to facilitate this integration. For example, in the Philippines, People's Homesite and Housing Corporation (PHHC) was responsible for the execution of the housing policy, while another agency, a National Housing Corporation, was established to undertake construction of houses. Singapore has its own Housing and Development Board formed in 1960 to cater the provision of low cost houses, while Malaysia created a Ministry of Local Government and Housing in 1964, with the Housing Trust acting as its agency to execute low-cost housing programs.

Governments adopting Social Housing Policies may build or subsidise a large or small proportion of the houses produced. In general, government investment in housing during this period, even though inadequate, was slightly higher than during the former period. In terms of percentage of housing expenditure to Gross Domestic Product (GDP), United Nations (1969:4) stated that Iran was about 11.7%, the Philippines 2.8%, and Malaysia only 1.7%.

Government's role was still specialised and restricted given inadequate funds. However, the problems of financing housing for low income groups were given increased attention. Measures of social significance, such as housing subsidies and rent rebates, were introduced in some countries. subsidised social-housing projects were supposed to be intended primarily for the broad masses of the lower-income groups. These projects were financed by public loans at low-rates of interest. Such projects were subject to strict limitations on the level of rents and size of dwellings. A main objective of government housing policy was to ensure that the cost of funds for building provided by capital market be kept low, thus forcing the institutional sources of credit to devote a fixed proportion of their funds to housing construction.

Tax incentives were another measure taken by governments to promote homeownership. A number of countries have tax systems which enable borrowers to deduct interest payments on housing loans from their taxable income. Another major instrument used by governments under the Social Housing Policy was to provide loans for housing at low interest rates and long repayment periods. Government loans could be as high as 97% of the construction cost and the interest rate as low as 2.2%. Japan, for instance, subsidised local government to provide housing for the low income group, especially to rehouse slum dwellers,

to the extent of 50% of the construction cost, see United Nations (1969:45). Even for the construction of temporary accommodation, subsidy has also been given. Ceylon had one-third of its investment in housing borne by Government of which the effort was to provide subsidised housing. In Malaysia, Government's form of subsidised housing was the provision of low cost housing either for sale on a hire-purchase plan or for rental.

Governments following Social Housing Policies had a social purpose which could benefit the newly emerged working class. This led to the establishment of several non-profit organisations, such as housing cooperatives. Many government gave special support and encouragement to the cooperative movement in the field of housing. Through cooperative organisations, it was thought the population could solve their own housing needs rather than depend on others. Cooperatives more often combine banking and building operations, pooling small savings of individual members and making them available for building operations. Although cooperative organisations had long been established, even before World War II, the movement gained momentum and received substantial recognition from the governments in late 1950s. Cooperative housing accounted for a sizable percentage of all housing constructed in countries like Sweden, Denmark, Israel, Ceylon and India.

Aided self-help housing was another attempt at assisting low-income groups, who were short of cash, to have their own housing units. While self-help through cooperative housing organisations was more for the middle and lower middle income groups, personal labour self-help was directed for the low-income category. Governments usually granted subsidies for aided self-help programs. This program was executed in both the urban and rural areas. In urban areas, provision of housing could be done on a formal cooperative basis while in rural areas, groups of people build their own homes on a rotational basis. Such schemes can be found in India and Ghana through its roof loan housing scheme (Abrams, 1964:185).

Even though when adopting Social Housing Policies governments did not assume responsibility for the provision of housing for the entire population, often they were involved in the sense of enforcing certain minimum standards for the protection of public health. Standards were set, for example, on provision of adequate amenities and facilities, height of houses, room size, etc. in locations under building control.

With a Social Housing Policy governments become increasingly involved in the effort to solve the housing problems. This approach could be the extension of policy strategies outlined earlier. Generally a Social Housing Policy is designed to assist in the provision of the type, volume and quality of

housing corresponding to the range of needs of the different sections of the population whose needs could not be met by the private market or the private developers. It is also designed to establish minimum standards of buildings and lay out in addition to having some control over land use, slum and squatters clearance, rents and other related activities. Government's contribution is actually in meeting residual needs and in solving temporary problems which could not be solved through normal operations of the market. There were already considerable resources of private funds to sustain a large volume of housing construction. Government agencies were organised to execute the social housing policies only.

Another feature of this policy is that borrowers were allowed to deduct interest payments on loans from their taxable income. Lending institutions, building societies insurance companies and other companies were in a secured position to enable them to help finance housing development. See Table 1.1 for an indication of the housing related activities that the government are likely to carry out under a Social Housing Policy.

Whatever the elements of this policy, the action is partial in the sense that it is not concerned with overall housing needs. Nevertheless, this strategy is used in many countries and may represent an immediate solution to the most pressing problems.

More comprehensive approaches could be financially extravagant and administratively unmanageable.

- c) Comprehensive Housing Policy is one in which the Government takes on responsibility for satisfying overall housing needs in the country. Housing policy is integrated fully with national development planning.

Governments in countries experiencing a long industrial history, political stability, rapid urbanization process, high standards of living, a fully employed labour force, trained and reliable administrative staff, adequate technical manpower, well organized departments and agencies, and adequate funds and resources have assumed heavier responsibilities in solving housing problems. Such governments have "extended their commitments to a point at which they can no longer be regarded as 'interventions' within an otherwise 'normal' market; governments now shape and control this market to such an extent that their housing responsibilities have assumed a national or 'comprehensive' form", Donnison (1967:97). Structural changes were required which led governments to embark on a 'housing drive' that soon created severe shortages of building, land, materials, labour and credit. It was the determined attempt to resolve these problems that led governments to formulate and implement a comprehensive housing policy.