

PRIVATE LOW COST HOUSING: IMPLICATION TOWARDS CONSUMERS

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Abstract

The objectives of low cost housing construction are to help the poor and eradicate poverty as it is parallel with the New Economic Policy. Thus, the developer has to consider the provision of low cost house and the economic cost to the target group which at the same time not to reduce the quality of the houses. The research carried out in one of the private low cost housing in Jitra, Kedah revealed that most of the consumers are not satisfied with the physical structure, cooking area (kitchen space), the quality of the construction material, the quality of drainage system and maintenance system. At the same time the interior structure and house design frustrates the occupants thus forcing them to extend the house or renovates the whole structure itself. Dissatisfaction among consumers are also found in aspects of garbage collection, playground, maintenance and cleaning services, local stores, local praying area such as "surau" and parking space.

INTRODUCTION

Housing in Malaysia

Housing Industry in Malaysia is a major contributor to national economic growth. The industry provides employment, demand for building materials and growth of related support services. The existing Housing Policy formulated by the Government is not comprehensive (Aliran, 1981). However a few guidelines in government's documents do state that the main objective is to ensure all the low income groups obtain sufficient housing and capable of purchasing low cost units at RM25,000 or less. The development of low cost housing follows the concept of providing housing complete with adequate amenities and public services such as clinic, sports utilities, school, recreation, places of worship, wet market and shop houses (Malaysia, 1991).

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One of the social objectives in housing development in Malaysia is to provide low cost housing for the people so that every individual could own a house with the emphasis on household with monthly income of RM300 or less (Mohd Razali Agus, 1989;1992). In Fourth Malaysia Plan (RME), the low income group is defined as "household with monthly income of less than RM500 in Peninsula Malaysia and less than RM700 in Sabah and Sarawak" (Malaysia, 1981). In Mid-term Study of Fourth Malaysia Plan (Malaysia, 1984), the maximum price for low cost house was fixed at RM25,000 per unit. The government admitted that even at RM22,000, the average price of low cost unit, is beyond means of many in the low income group.

Inability to supply enough low cost houses by the government led the authority to shift to the private sector. The government has provided land to private developers in return for developing low cost units. Apart from speeding up development of housing projects, the authority is also aiming to reduce its financial burden.

Participation of private sector in housing program began in 1950 with the establishment of Housing Trust to assist the authority in developing low cost houses (Chander, 1979; Mohd Razali Agus, 1983). Active participation of private sector in low cost housing projects actually began in Fourth Malaysia Plan (RME). In RME, the authority had imposed that every housing project must include low cost units with a ratio of 30%. This ruling was significant because private developers were more interested in developing medium cost and high cost units that promised higher return. Low cost unit price was also capped at RM25,000 (Abdul Latib Omar, 1989).

Racial quota was imposed with 30% of residential units allocated for bumiputera. Still this criterion could not overcome the problem of the poors to purchase houses which were marketed at high prices. It was obvious that the private sector concentrated more on medium to high cost segments and they are often thought to be putting profit above everything else.

Private sector's reluctance to develop low cost housings was due to low profit margin and higher risk of loss (Drakakis-Smith, D.,1979; N. Jagatheesan, 1979). Higher cost of land and delay in obtaining ownership and permit also led to private developers' unwillingness to

develop low cost housings. Private developers were said to monopolise housing development for the middle and upper classes (Drakakis-Smith, D., 1979).

Private sectors have managed to complete 214,889 low cost units in Seventh Malaysia Plan (RMT) and of the total, 131,325 units were developed under the Low Cost Housing Special Program (PKPKR) while the other 80,678 units were developed under the normal housing development (Malaysia, 1996). Via this program, developers were encouraged to do mixed development by cross subsidies.

Private sectors performed better in RMT because of less participation by the public sector due to economic crisis. Emphasis was on the private sectors to drive the national housing industry.

HOUSING IN KEDAH

Kedah population figure for 1995 was 1,482,100 and was expected to increase to 1,605,200 in the year 2000 (Malaysia, 1996). This increment will lead to higher demand for housing units. Growth of GNP attributed to the state, Kedah's per capita GNP was reported at RM2,612 for 1990, RM3,790 for 1995, and expected to reach RM 5,423 by the year 2000 (Malaysia, 1996).

Kedah state government has embarked on public housing project since First Malaya Plan in 1963 right until Fourth Malaysia Plan (1975). For the period, 10,258 units of low cost public houses were built and distributed by hire purchase. The rates imposed were up to RM100, subject to change with period. In 1999, the rent rates were from RM85 to RM91 per unit.

For the Seventh Malaysia Plan (RMT), the state government proposed to develop 14,953 units of low cost with budget of RM439,615,610 million. During Fifth and Sixth Malaysia Plans, not a single unit was built by the state government due to economic crisis. Burden on development fell on the private sector to build more low cost units with its financial capability and to increase efficiency.

However, the state government ruled that 30% of houses built by private developer must be low cost units and priced at RM25,000 or less. All low cost houses in Kedah are of the terrace

or flats type. Still, majority of house is of terrace type because of lower construction cost and they are preferred by the low income population.

BACKGROUND OF RESEARCH

The research was conducted in Taman Bersatu in the district of Kubang Pasu, Mukim Gelung, Kedah. The total of housing units proposed for the project was 555 units of single storey low cost terrace houses on lot 561 and 568. When the study was conducted, only 268 low cost units of the total were completed.

Fieldwork commenced on 1st January 1998 and completed on 14th January 1998. During the period, only 167 units were occupied. Ninety units were selected of which the occupants had been staying in their respective houses more than 5 months to gauge their level of satisfaction.

Random stratification was chosen as sample design where the rows selected were with respondents with similar income, racial group, household size, religion, belief and culture.

RESEARCH INSTRUMENTS

The questionnaires contained 131 items written in Bahasa Malaysia on satisfaction level on the physical elements in the house and the surrounding physical elements within the housing estate. Items on occupants' personal information were noted suchlike race, nationality, sex, age, total expenditure, education level, price paid for the house and modification made to the house. Items included in physical elements of the house were house design, interior structures, exterior structures, number of bedrooms, size of master bedroom, kitchen area, living/sitting room area, toilet, quality of building materials, water and electricity supply, ventilation, compound area, state of access and drainage.

While exterior elements include parking space, shopping facilities, distances to children's schools, fire station and police station, commuting distances, playground, facilities for worships and social activities, administration of surrounding areas, maintenance system, steps taken to promote harmonious social interaction, public telephones, garbage collection and security features of the area.

Descriptive analysis was utilised to illustrate spread of demographic variables like sex, race, religion and level of education. Inferences were made for items that needed significant differences been observed between percentage of satisfied and unsatisfied. Then the Chi-Square statistical method was utilised to observed whether there was significant relationship between the items at level 0.05.

BACKGROUNDS OF RESPONDENTS

Of the total of 90 respondents interviewed, 92.2 percent were married, 5.6 percent not married and 5.6 percent widow/er. 28.9 percent met were husbands while the rest 71.1 percent were wives. Majority of respondent was Malay (75.6%) while the rest were Indians, Chinese and Siamese (24.4%). Percentage for Malays was bigger because majority of the dwellers was Malays. Of the total respondents interviewed, most had been living there for five months to three years. Most were owner occupier, only a small percentage was renting.

On level of education, most, 30% obtained SPM/MCE, 28.9% received primary school education and 25.6 percent obtained SRP/LCE. This illustrated that most had received basic education. As for household size, most were with 4-6 members (55.6%), 32.2 percent of respondents comprised of 1-3 members households while the rest 12.2 percent of respondents consist of 7-9 members households. Low cost unit became their choice because of the affordable price compare to bigger medium and high cost units which command higher prices.

Householders without any education recorded at 47.8 percent. 24.4 percent of households had one child attending school and another 14.4 percent had two children attending school. This showed that most occupants were newlyweds with no child. Most of the children in the housing estate was six years old and younger . Looking at household income, 52.2 percent stated that they have only one memberas bread winner, while 36.7 percent were working couples. The rest of the respondents stated that their sons or daughters or grandchildren also contributed to household income. On total income, 41.1 percent had total family income of RM501-RM100 while 20 percent with income between RM1001-RM1500. 18.9 percent of households were with income of less than RM500. Looking at family total expenditure including food, utilities bills, housing installments and transport , 48.9 percent of the

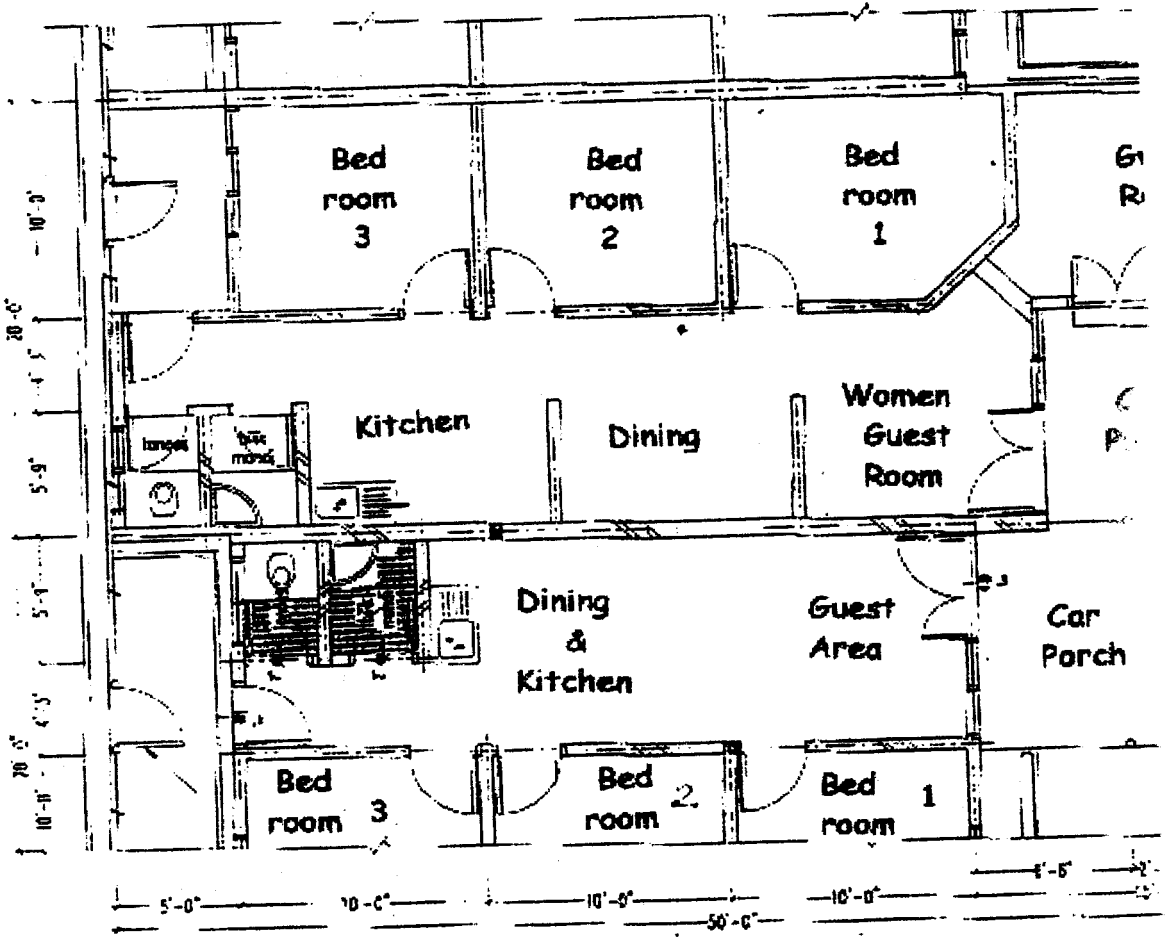
households spent RM701-RM1050 and 26.7 percent spend around RM351 to RM700 while 13.3 percent spend between RM1051 to RM1400. When asked on vehicle ownership, 83.3 percent of respondents said they owned motorcycle and 50 percent owned a car. Therefore motorcycle was the main mode of transport.

RESULT OF STUDY

Level of Satisfaction on The Occupied Units

Referring to Table 1, the respondents' level of satisfaction on physical state of dwelling with high score for unsatisfied in kitchen area (82.2 percent), quality of building materials (74.4 percent) and state of access and drainage (74.4 percent). This is due to the fact that there is no designated space for kitchen (see diagram 1) of which the kitchen area, dining area and sitting area are combined without any form of partition. Sink for washing dishes is also located in the same space. Quality of building materials utilised were also not up to standard with brittle plasterworks. For example, if one attempts to hang a picture on the wall, the plasterwork

PROPOSED PLAN



FLOOR PLAN

SCALE : 8' : 1"

Table 1 : Physical State of Dwelling**SATISFACTION LEVEL OF RESPONDENTS ON CURENTLY OCCUPIED UNITS**

	SATISFIED		NOT SATISFIED	
	FREQUENCY	%	FREQUENCY	%
Design of house	51	56.7	39	43.3
Interior structure	46	51.1	44	48.9
Exterior structure	74	82.2	14	15.6
No. of bedroom	67	74.4	22	24.4
Size of master bedroom	60	66.7	29	32.2
Kitchen area	16	17.8	74	82.2
Living/sitting room size	71	78.9	19	20.1
Toilet	77	85.6	11	12.2
Quality of building materials	22	24.4	67	74.4
Water supply	80	88.9	10	11.1
Electricity supply	80	88.9	10	11.1
Ventilation	69	76.7	21	23.3
Compound area	63	70.0	26	28.9
Condition of access and drainage	22	24.4	67	74.4

would give away and in time the framed picture itself would fall. The sad state also applies to the drains where they were seldom cleaned. Condition got worse due to negative attitudes of residents who clogged the drains with rubbish. So were the state of access roads in Taman Bersatu where they were littered with garbage and animal waste like cow dung without any action to contain them.

Apart from the abovementioned, other points identified to contribute to high unsatisfied score are interior structure (43.3 percent) and design of the unit (48.9 percent). Too simplistic a design does not provide for sufficient privacy to dwellers. No partition among the kitchen, dining and sitting/living areas led to discomfort to dwellers. One can see right through to the kitchen if one look through the open front entrance. This gives little privacy to dwellers. Small interior space is also restricted where only two rooms can be used as bedrooms because

one has to be utilised as cooking area. Bedrooms do not provide enough space for the normal furniture like proper bed and wardrobe. Even living room become crowded when fit with the usual sofas and cabinet. This lack of space has negative effect on ventilation leading to discomfort and high ambient temperature.

Table 2 : Exteriors and locales

SATISFACTION LEVEL OF RESPONDENTS ON PHYSICAL SURROUNDING

	SATISFIED		NOT SATISFIED	
	FREQUENCY	%	FREQUENCY	%
Parking facility	64	71.1	26	28.9
Shopping facility	54	60.0	35	38.9
Distance to school	83	92.2	7	7.8
Distance to hospital, fire station and Police station	85	94.4	4	4.4
Commuting distance	61	67.8	22	24.4
Playground	24	26.7	53	58.9
Religious and social amenities	60	66.7	29	32.2
Caretaking and maintenance system	52	57.8	36	40.0
Activities for promoting neighbourliness	63	70.0	24	26.7
Noise level	77	85.6	13	14.4
Public telephone	7	7.8	83	92.2
Frequency of garbage collection	30	33.3	60	66.7
Security features	72	80.0	18	20.0

Based on table 2 , 74.4% of respondents were not satisfied with their exterior surroundings and its facilities. These include parking condition, playground, public phone and religious and social amenities. 40% of the occupants were not happy with the waste collection and security system adopted. Only 26.7% were happy with the current state of the playground. The place is unkempt, the play items in disrepair and littered with broken glass, animal waste and planks which can be of harm to the children playing there.

28.9% of the total respondents asked were not satisfied with parking space, 32.2% were not satisfied with facilities for social and religious activities while 92.2% of them were not satisfied with the public telephone service provided by the developer, 66.7% not satisfied with the frequency of garbage collection and 20% of respondents were not satisfied with security features of the locale. Respondents complaint on the small size of parking space. Many express grouse on the single public telephone booth which is often out of order, this proved to be quite an inconvenience especially in emergency. The once a week garbage collection was also a point of contention where delay in collection led to the waste bin been tipped and spread which further gave rise to unpleasant smell and spread of maggots. Poorly maintained drainage led to clogged and overflowing drains.

These had caused the dwellers planned to enlarge the kitchen space, partition the kitchen, dining and living areas with furniture, change the floor finishing and change the existing door with a better quality one. Many of the respondents were with the opinion that living room, bedroom, bathroom and toilet were too small and need to be enlarged. When asked whether they could afford to pay more for better dwelling unit, 63.3 percent said they could not afford a higher amount even for a better unit.

RECOMMENDATIONS

Lately, many buyers favour purchasing ready built houses from purchasing land and build themselves because they believe that it is more economical to do the former. However for the low income groups, both methods present obstacles, especially during current economic crisis. Despite availability of credit from the government and other financial institutions like bank, co-ops and others, they will still be burdened by high interest rates.

Result of this study shows that majority of buyers are not satisfied with the physical state and quality of their respective units. They feel cheated, in other word they had been victimised by greedy developers. These home buyers of low cost units need protection. Blame does not fall squarely on developers. The buyers negative attitude and their ignorance on their rights also also contribute to the problem.

Therefore a few recommendations are being put forward as constructive critics to avoid negative implementation on purchasers of low cost units.

1. Ministry of Housing and Local Government (KPKT) should be more transparent in dealing with developers especially those handling private housing projects. In the context of low cost housing, the government must recognise that the delegation of responsibility to the private sectors to develop low cost housing is to stimulate economic growth and poverty eradication. The ministry should enforce the Developers Act to ensure that no breach is committed be it deviation from approved plan or deviation from material specifications, or raising selling price with the excuse of rising material cost.

Their less than honest tactics can be denied because Malaysian Architects Association (PAM), with assistance provided by Johor state government, had proved that a good quality low cost unit could be built at cost as low as RM5,000, RM12,000 and RM20,000. A model unit designed and submitted by architect H. Chow won first prize for RM12,000 building cost category with three bedroom. From its attractive materials and design, one can easily believe that it costs more than RM20,000 to build. Such a plan should be adopted by all states in Malaysia in developing low cost housing (Muhammad Ali Hj. Baharum, 1991).

2. Purchasers or consumers should know their duties and rights. They must know their rights when they sign the sale/hire purchase agreement, after signing, they should know too what to do when the finished unit is passed to them with the key. Under normal procedure, after comprehending and satisfied with the terms and conditions in the agreement, the purchaser should pay 10% deposit to the developer. Automatically the purchaser has vested interest in the respective unit (even before individual ownership is issued).

Finally, when key and vacant unit is passed, the purchaser should inspect his/her unit before occupying. Any defect should be reported to the developer officially. Among the usual complaints are :-

- I. Defect in building quality.
- II. Defect in materials.
- III. Deviation from approved plan etc.

Developers are liable to act on these complaints should they arise and also must abide by rules and regulations imposed by the Enforcement Division, Ministry of Housing and Local Government (KPKT). (Housing Developers Act (Control and Licensing) 1966 (act 118))

Observations and studies have shown that many purchasers were burdened with cracked walls, leaking roofs and ceiling normally due to use of substandard materials and deviations from approved plans. Usually complaints were just ignored by developers until actions against them were taken.

Therefore purchasers as consumers must know their rights. They must band together to bring the developers malpractice into light. The government must act on its threat to revoke licenses of those who break the rules to promote good building practice. In this information technology era, consumers can report directly to the Enforcement Division, Housing and Local Government Ministry via E-mail or publish them on the internet.

3. Failure of local authorities to provide proper services to all category of houses especially in the low cost housing estates has contributed to the poor and unsatisfactory state of the surrounding environment. These are facts and phenomenon that can be observed such as uncollected rubbish, faulty drainage system, neglected public amenities and unkempt playground; all are becoming an eyesore. Lack of social responsibility among the low cost housing dwellers on keeping the environment clean and healthy has worsen the problem.
4. It is suggested that private developers should not put profit above everything else because they also have moral social obligations. Low cost houses are needed to fill the need of the low income groups and the homeless. These are desperate situation that needs desperate measures. A former Housing Deputy Minister, Dato' S. Subramaniam had once proposed that the state governments should allow private sectors built a higher density low cost housing estate which might yield a bigger profit for the developers (Dr. Muhammad Ali Hj. Baharum, 1991). On the other hand, the action may result in a densely populated housing estate and reducing the size of the existing low cost units. Thus, the developers gain a higher profit at the expense of the poors. This has provided opportunity to

developers to build more houses, more densely and smaller in size yielding more and more profit to the developers.

5. To improve the quality of low cost housing and better the comfort factor of its occupants, the relevant parties either personally or in groups could be appealed to sponsor the provision of amenities such as play items for playground, landscaping plants and others. Some playgrounds in low cost housing areas are in such a sorry state they are no longer fit for intended purpose. The occupants, acting collectively under association, could apply for aid from relevant bodies for the betterment of their livelihood.

Sensitivities and care from all quarters in this issue will bring a possibility of a better scenario in low cost housing living condition in the future. Profiting from hardships of others should be thrown to the wind in order to aid the have nots. In short, bussiness minded private developers should be reminded of their moral social obligations to the poors.

**Appendix 1: Housing Projects Under Special Housing Program (Centralised Centre)
Until 31 May 1994**

District	Total Scheme	Total Units			Completed and Occupied		
		LC	MC	S	LC	MC	S
Kota Setar	135	23,214	6,907	771	13,137	3,446	201
Kuala Muda	57	26,878	7,970	1,759	18,550	4,335	949
Kulim	65	19,832	4,983	1,768	11,925	1,054	867
Baling	14	2,582	121	125	1,313	38	62
Kubang Pasu	29	5,048	2,081	294	2,553	806	150
Yan	6	1,104	136	44	126	74	18
Sik	2	224	21	12	0	0	0
Pendang	10	1,225	134	19	893	114	2
Padang Terap	4	345	67	22	345	46	17
Langkawi	8	805	160	83	420	39	20
Bandar Bahru	9	1,774	269	58	692	71	17
Total	339	83,061	22,849	4,955	49,954	10,043	2,303

Key: LC: Low Cost; MC: Medium Cost; S: Shoplot

Source: Housing Division, State Secretariat, Wisma Darul Aman, Alor Setar, Kedah, 1999.

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