

Housing Policy for the poor in Malaysia and Indonesia

Nurbaity Aqmar Mahamud & Amilia Hasbullah

Centre of Excellent for Facilities Management (CEFM)
University Tun Hussein Onn Malaysia (UTHM)
86400 Parit Raja, Batu Pahat Malaysia

norbaity@uthm.edu.my & kak.amelia@gmail.com

Abstract

Housing is principal thing to ensure the basic need of society. The issue of low cost housing has been the focus of much attention from every country in the world. Since Malaysia and Indonesia recognized as developing country which also emphasize on programme of housing for the poor, therefore the study on how these two countries applied this concept need to be discovered. Comparison on policy and housing scheme will be applied in order to find out low cost housing programme carried out for both countries. This paper seeks to uncover the issue of low cost housing within Malaysia and Indonesia. Accordingly, the paper attempts to focus on the implementation of housing programme for the poor in both countries. It will contribute to the development of housing programme for developing country and in turn to benefit to the society.

Keywords: Housing, Housing Policy for the poor, Housing programmes

Introduction

House is one of the important elements that complement the needs of human life (the National Housing Policy, 2005). For each country, the government should be responsible in providing quality housing and adequate to all its citizens. This is done through policies enacted. The role of government would provide adequate, affordable and suitable housing.

In Habitat Agenda, each country has the commitment to full and progressive realization of the right to adequate housing and seek the active the participation of public private and non-governmental partners in all level to ensure the equal access to affordable, adequate housing for all person and families. With respect to the housing for the poor, it also explain that the government ensure to expand the supply of affordable housing in access to lend and credit and assisting those who are enable to participate in housing market (Instanbul Declaration of Human Settlement, 2010).

As developing countries, Malaysia and Indonesia put their focus on providing suitable and affordable housing for the society. As stated in the various five-year Malaysia Plan and the Second Outline Perspective Plan (1991-20000, the objective of the

housing policy in Malaysia is to ensure that all Malaysians, particularly the low-income group. Have greater access to adequate and affordable shelter and related facilities.

While In Indonesia, the focus of government towards housing is to ensure each Indonesian family occupies the liveable home and also increasing the availability of appropriate housing and affordable developing long term housing finance system and enhancing the role of local government and other stakeholder in the development of housing and settlement (Indonesian Ministry of Public Housing, 2010). As declares in Millennium Development Goals, Government of Malaysia and Indonesia share the same perspective to achieve the affordability and suitability housing for each society.

Both countries introduce housing programme for the poor. In Malaysia, the government provides housing for livelihood improvement. Under 10th Malaysian Plan, 78,000 new unit of affordable public housing will be build. Public low cost housing will be provided to the individual and family with monthly income below than RM2, 500, (equal to USD 830) depends on the type of housing was provided. It is inline with government agenda, to increase the household income for 40% lowest (BERNAMA, June, 2010). While, the government of Indonesia launched the programme of Poverty alleviation through economic business development. Which the instalment to own the house approximately IDR350,000- IDR500,000 (equal to USD41-USD58). While, for income below IDR3,000,000 (equal to USD351) the instalment about IDR900,000- IDR1,500,000 (equal to USD105-USD175).

Even though both Malaysian and Indonesia government aim to provide the society with affordable and suitable houses reflected from the policies, but the implementation still faces the obstacles. Therefore this paper seek to uncover to what extent the policies have been implemented in both countries.

Review of Housing Policy for the Poor

With a fast-growing economy in Asia, the widening socio-economic gap is inevitable. Government and private sectors alike have an important role to play in addressing the pressing needs for low middle to low cost housing throughout the Asia. Effective national strategies, best practice financing models, integrated housing plans and innovative building designs are much needed to resolve this issue; if left unaddressed, continued housing inadequacy will risk inhibiting economic progress of the country. Table 1.1 depicts the strategies in providing affordable housing in Asia.

Table 1: Strategies in providing affordable housing development in Asia

Country	Strategies in affordable housing development
Philippines	<p>Designing strategic housing policies</p> <ul style="list-style-type: none"> ❖ Integrating strategy to provide affordable housing policy ❖ Formulating different strategies leading to successful affordable housing project ❖ Overcoming the challenges in designing integrative strategies to assist the lower income group

	<p>Providing option for home ownership</p> <ul style="list-style-type: none"> ❖ Refining the policies to meet the changing needs of the people ❖ Enabling home ownership through increased subsidized public housing development ❖ Delivering the right housing project for the right group of people
Vietnam	<p>Developing Housing Policies for the lower income bracket</p> <ul style="list-style-type: none"> ❖ Highlighting different approaches towards policy making for the lower income groups ❖ Implementing the policies successfully through monitoring and partnering with local authorities ❖ Evaluating the policies and programmes in order to meet the population
Indonesia	<p>Designing policies for the middle to low income earners</p> <ul style="list-style-type: none"> ❖ Outlining policies and measures developed for the middle to low income earners ❖ Undertaking the right programmes according to the needs and partnering with local authorities to achieve optimum income ❖ Ensuring home ownership for every citizen by increasing affordable housing projects
Malaysia	<p>Implementing affordable housing in Malaysia</p> <ul style="list-style-type: none"> ❖ Initiating affordable public housing projects to improve living conditions of the lower income group ❖ Promoting cost efficiency through construction advantages: predictability and time savings ❖ Reviewing the strategies and types of housing to ensure sustainable development and affordability
Hong Kong	<p>Passive Design in Hong Kong Affordable Housing</p> <ul style="list-style-type: none"> ❖ Understanding micro-climate studies as part of passive design in buildings ❖ Researching and implementing the right technology and designs to effort quality affordable housing ❖ Enhancing sustainability through community engagement from planning to post-occupation stages
Singapore	<p>Building Low Cost Housing on Limited Land Spaces</p> <ul style="list-style-type: none"> ❖ Understanding the population that is to use the space provided for social interaction and the housing development ❖ Maximising the space available: The core elements to effective land use ❖ Engaging project stakeholders in order to understand the necessities and land requirement of occupants

Source: Affordable Housing Development Summit Asia (2011)

From the Table 1 above, it is show that the government has the serious effort on accommodating affordable housing issues. Nonetheless, the successful of the implementation is still find the barriers to be achieved such as financial, land tenure, investment and the housing price.

In many developing countries, public sector housing has been associated with low-cost housing for lower-income groups. Governments all over the world have been concerned with the provision of adequate housing to meet the needs of their people. Public intervention in housing markets ranges from the provision of subsidies for low-income households to the construction of public low-cost housing for the poorer households. In Malaysia, the provision of cheap housing as a basic social need has been emphasized in its social development programmes (Mohd Razali Agus, 1997).

Table 2: Allocations for public housing in national development plan

Development plan period	Original allocation (RM million)	% of total	Revised allocation (RM million)	% of total
Second Malaysia Plan (1971-1975)	171.89	2.4	239.97	2.7
Third Malaysia Plan (1976-1980)	710.15	3.8	1,965.52	6.1
Fourth Malaysia Plan (1981-19885)	1,458.00	3.7	4,066/48	8.3
Fifth Malaysia Plan (1986-1990)	1,979.64	4.9	3,979.64	9.0
Sixth Malaysia Plan (1991-1995)	803.00	1.5	2,056.00	3.5
Seventh Malaysia Plan (1996-2000)	2,875.00	4.3	na	na

Sources: First to Seventh Malaysia Plans and Mid-Term Reviews, Second to Sixth Malaysia Plans

The Public housing programme in Malaysia falls under the social sector of the national development strategy. Generally, the budget allocation for the social sector is of lower priority than economic sector. In the Seventh Malaysia Plan (1995-2000), the social sector had the second biggest budget (29.3 per cent) after the economic sector (50.0 percent) and followed by security (13.6 per cent). (Seventh Malaysia Plan, 1996-2000). Form 1971 to 2000, the allocation for public housing development expenditure has never touched 10 percent of the total national expenditure.

The housing allocation increased substantially from 2.7 per cent of the total public allocation in the Second Malaysia Plan (1971-1975) to 9.0 per cent in the Fifth Malaysian Plan but was reduced to 3.5 per cent in the Sixth Malaysia Plan. Although the government is still concerned with the provision of housing to the masses, under the current plan the task of ensuring this has shifted to private developers. The concern and commitment on the government's part should be encouraged and continued so that the national development goals and objectives of providing housing for all can be achieved.

Thus far, the performance of housing programmes, especially low-cost housing, has not remarkable.

As the government's commitment to providing housing for low income communities through the allocations for public housing, the Malaysia government has conducted several housing schemes. The schemes include housing schemes for the poor, which is Housing Development Programme for the Hardcore Poor (PPRT), low-cost, affordable, people-friendly home and Jariah Charity Programme (PAJ), the Public Housing Programme Low Cost, Integrated Housing Programme.

a. Low-cost and Affordable Public Housing Programme

The programme is implemented by public and private sectors aimed at providing residential facilities to low-income groups that aim to improve the quality of life and poverty eradication is achieved. This programme is targeted to those earning less than RM1500.

b. Jariah Charity Programme (PAJ)

Jariah Charity Programme (PAJ) or abbreviation is a programme introduced by the Malaysia Government in Budget 2008 in which the fund of RM50 million is provided for repairing dilapidated houses of hardcore poor nationwide. The concept is similar to that applied in the private sector, Corporate Social Responsibility (CSR)

c. Integrated Housing Programme

The programme is intended to house squatters affected by government development projects around the Federal Territory of Kuala Lumpur and the Klang Valley. The programme enhanced integrated in the Seventh Malaysia Plan as a result of the National Economic Action Council to be implemented immediately seeks to generate economic growth through construction activities, particularly in the development of low cost housing and provide housing for rent to squatters.

d. Rumah Mesra Rakyat

This programme was created to help low-income groups such as fishermen, farmers and poor families who have no home or live in dilapidated houses (weak), but has its own home ground to have a perfect and comfortable. Qualifying applicants are citizens of Malaysia, the gross household income not more than RM1500 per month, not having their own home or have dilapidated houses are not perfect, have soil / site is appropriate and there are no restrictions / charges on him. If the land does not belong to the applicant, Certificate / Statutory authorization from the landlord is required to build and mortgage the land to Syarikat Perumahan Negara Berhad.

While in Indonesia, the housing for the poor programme covers Subsidized Home Mortgage (KPR) programme which is a housing assistance scheme for low income communities initiated in 1976 and National Movement for One Million Houses with its

objective, to provide affordable housing and improving quality of living environment, that was initiated by the government in 2003 focus is on improving coordination amongst stakeholders in housing development. In Indonesia, the lack of supply of service land and tedious permitting procedures has made it unprofitable for developers to use available land resources for middle and lower-middle income houses (UN Habitat, 2010). On the other side, the government of Indonesia manages the strategic towards improving housing programmes for the poor such as:

- (a) Developed statutory laws and regulations in the field of housing strategy to implement the policy including:-
- i. Implementation of good governance
 - ii. Formulation, development and socialization of norms, standards, guidelines, manual housing sectors
 - iii. Establishment of public service agency housing
- (b) Developed a financing system and housing market empowerment strategy:
- i. development of new pattern of subsidized better targeted
 - ii. development of micro financing new housing construction and housing improvement

Table 3 details the implementation of housing programmes for the poor in Malaysia and Indonesia.

Table 3: The implementation of Housing Programmes for the poor in Malaysia and Indonesia

	Malaysia	Indonesia
Period	❖ Since 1971	❖ Since 1985
Policy	❖ Providing the affordable, suitable and adequate housing.	❖ Every Indonesian family reside in livable residential
Programme	<ul style="list-style-type: none"> ❖ Housing Development Programme for the Hardcore Poor (PPRT) ❖ Low-cost affordable, people-friendly home and Jariah Charity Programme (PAJ) ❖ The Public Housing Programme Low Cost ❖ Integrated Housing Programme. 	<ul style="list-style-type: none"> ❖ Subsidized Home Mortgage (KPR) programme ❖ National Movement for One Million Houses ❖ Subsidized healthy simple house programme ❖ Provision of housing subsidies, development of national housing savings ❖ Residential development without slums and focus on secure tenure.
Barrier	<ul style="list-style-type: none"> ❖ Shortage of land for housing ❖ Financing problems ❖ Bureaucracy neglected in the development approval ❖ Too much application for low 	<ul style="list-style-type: none"> ❖ The limitation supply of houses ❖ Increase in the number of households occupying houses unfit for habitation and not supported by the infrastructure,

	<p>cost housing</p> <ul style="list-style-type: none"> ❖ Difficulties in housing loan applications ❖ Low cost housing schemes are offered onsite or in not suitable areas ❖ Developers were not interested in low cost housing programmes ❖ Management and distribution of low-cost housing remains low 	<p>facilities, environment and adequate public utilities.</p> <ul style="list-style-type: none"> ❖ Expanding slums ❖ Regulations and policies that have not fully support the creation of a conducive climate in the housing and settlement development ❖ Limitations of lower middle-income people's access to land ❖ lack of certainty of settlement ❖ Not yet available cheap long term funds to improve access and purchasing power of lower middle income community ❖ Not optimal utilization of resources for housing and settlement
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Table 3 above shows that Malaysia has been implementing various housing programmes for the poor. While in Indonesia it is still at a strategic level and had not yet reached the stage which significantly affected to housing development as compared to Malaysia. On the other side, Indonesia is also having a very complex problem encountered such as the increase in population significantly.

Conclusion

Housing gives us with privacy and security as well as protection against the physical elements. By keeping us healthy and productive, good housing contributes to the well-being of both households and country's broader economic and social development (The Urban poor, 2008). As developing country, Malaysia and Indonesia share the same vision to accommodate a suitable housing for its citizen for a better life. The efforts towards this aim have been done through policies, strategies and programmes offer to the society. However, the barriers still remain and need to be solved not only by the responsibility of the government but to enabling the community engagement could be the partner to overcome the barriers on housing development for the poor. Through this research, decision makers in both countries could be able to work together and plan the most viable, sustainable and cost effective strategies to ensure the achievement on providing housing for the poor.

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