Sustaining Housing Market

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Editor

Shahabudin Abdullah Hasmah Abu Zarin



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PREFACE

Housing is important to human beings. In fact in economic aspect, housing is a basic need to human beings other than food and clothing. Everybody needs a house to live, stay and shelter. Everybody dreams to have their owned house. Everybody wants to live and stay in their owned house. However not all are able to do so. This is because the house they dream are not affordable compared to their household income. Apart from affordable, the aspect of comfortable in housing is also important.

When we talk about housing, the major topics in mind is on the problems or issues which are related to affordable housing, housing market (needs and demand) and also the latest lifestyle in housing development. Thus this book written is to give some ideas and views related to housing issues on housing development, problems and market. Hence the title chosen for this book is **Sustaining Housing Market and Development**. This book consists of nine chapters which are related to housing.

The material in this book grew out of papers from research for seminars and journals. Hence, there will not be continuity or a link between chapters like in a dedicated standalone book. However, whatever the nature of the articles and the purpose, all of them were written with the sole aim of sharing knowledge and information in the related field and industry. A lot of areas that are included in this book, such as urban housing problems and policy, affordable housing, quality and comfortable housing, gated and guarded community, condominium, environmental and financing.

viii Preface

We hope this book will beneficial the readers from all kind of backgrounds and profession. As pointed earlier the aim of this book written is to share knowledge and information in the related field and industry.

Lastly we would like to thank the writers, namely Major Associate Professor Dr. Ahmad Ariffian Bujang (Head of the Project), Hajjah Dr. Asiah Othman, Hajjah Rosadah Mahamud and others who directly or indirectly for the contributions given to complete the writing up of this book.

Shahabudin bin Abdullah Hasmah binti Abu Zarin

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1

EVALUATION ON THE BUMIPUTERA LOT QUOTA RULES ON THE BUMIPUTERA HOUSING OWNERSHIP IN THE DISTRICT OF JOHOR BAHRU, JOHOR, MALAYSIA

Ahmad Ariffian Bujang Hasmah Abu Zarin

INTRODUCTION

Bumiputera housing had been the problems and issues that to be solved in the democratic system of distribution among the ethnics in Malaysia. Although various policies and implementations had been introduced and carried out by the Government, bumiputera housing problems and issues is yet to be settled. This is because the distribution of housing between the bumiputera and non bumiputera is still imbalanced. Housing sector in Malaysia had been and still dominated by the Chinese ethnic, especially in the major towns and cities such as Kuala Lumpur, Johor Bahru, Ipoh and Penang. The housing quota, especially for the bumiputera ownership was introduced through New Economic Policy, (NEP), 1971 and until now, the policy failed achieved its goals. The New Economic Policy era was passed and replaced by National Development Policy (NDP), 1991. However, many housing units allocated specially to the bumiputera, under the Bumiputera Lot Quota were not taken up or bought fully (Ramon, 2003). The percentage of housing units bought or taken by the bumiputera is low, i.e. less than 25 percent of the total provided (The Edge

Malaysia, Mac 31-Apr 6, 2003). The question now is what's has gone wrong?

AIM OF THE HOUSING POLICY

Most of the housing policies in the developing countries were framed and formed to solve public housing problems faced by the lower and medium income groups (Vincent and Joseph, 2000). Due to the urbanisation and industrialisation process, had caused insufficient housing for these group. The policy must has the characteristic to assist these groups the opportunity to buy and own houses through subsidies, secure financing, lower and flexible rate of borrowing. Ismail Omar (2000), the development of housing policy is to provide the public to own affordable housing with enough amenities. Housing policy can help to reduce the different intensity between ethnics and enhance social integration, as such this quota system practiced in Singapore and France (Loo, Shi and Sun, 2000). Stephen (1994), the aim of the housing policy is to functioning the housing sector, which can provide interest to all participants and assist the achievement of socio-economic goals.

In conclusion, the framing and the forming of housing policies for a country must have the objectives, pointed by Ismail Omar (2000) and Harvey (1987), such as:

- a. To achieve the optimum used of present resources.
- b. To make sure the public can owned a house.
- c. Gives guild line on new location.
- d. To make sure special group of public can owned home such as elderly citizen.
- e. Steering the state and local authorities to provide fair housing distribution.

HOUSING PROBLEMS IN MALAYSIA

Taib Osman (2004), housing problems and issues in Malaysia arise from the urbanisation and industrialisation process. processes bring along many immigrants from the rural areas. Hence, it created high demand for housing, especially for the immigrants from the lower and medium income groups. Thus, it also created housing problems in the urban area. Aminah Md. Yusof and Azimah Razali (2004).urbanisation and industrialisation are the main factors that pushed up the demand of housing in the urban areas, especially from the lower and medium income groups.

Housing problems can also arise when the developers in the urban areas, have less interested to build medium and low cost housing. This is because the margin or profit earned is small. Private housing developers controlled most of the land in major towns and cities are interested to develop high cost or luxury housing for bigger margin or profit. Thus, the immigrants found that, the price of the houses offered in the urban area is beyond their affordable income (Aminah Md. Yusof and Azimah Razali, 2004; Mohd Razali Agus, 2000). Hence, it created housing problems to the immigrants with medium and lower income especially in the urban areas. These immigrants are mostly Malay, who formed the biggest group in bumiputera ethnic.

Abd. Rahim Abd. Rashid (2000), housing problems and issues occurred because of the unfairness in the distribution for the bumiputera lot quota. Housing price is opened to speculative market. Thus, it is not surprised to find some developers do not marketed or kept the houses which are to allocate specially for the bumiputera to be released after a time frame for bigger profit margin. It will affect the supply of such housing. Thus, the offered price for housing in the urban area increased or appreciated due to technically under supply, although physically the present property market is in the state of overhang. Most of the bumiputera immigrants do not afford to pay higher rental or price for housing

and create squatter in the urban areas thus socio-economic problems.

To overcome these problems, the government involvement or intervention is needed to ensure that housing supply is sufficient for the public and distributed democratically among the ethnics and income groups. The involvement or intervention of the government in solving the housing issues can be done through policies and development strategies either in short or long term. One of the developments strategies is the Malaysian Five Years Development Plans.

HOUSING POLICY IN MALAYSIA

Does Malaysia have national housing policy? Salleh Buang (2002), housing policy in Malaysia is concerned with the allocation of 30 percent low cost housing to the bumiputera buyers. Federal Government failed to create a comprehensive policy. The policy is mostly rest on the State Authorities and is localised in character. This is due that all land matters in Malaysia are under the State Authority.

Salfarina Samsudin (2001) and Ismail Omar (2000), housing policy in Malaysia was formed with establishment of an agency named as Housing Trust. The formation of housing policy is based on the current need and is translated into the Malaysian Five Years Development Plans.

Table 1.1 shows the policies and approaches on housing, since colonial era until the Eight Malaysian Plan.

Table 1.1: Government policies and approaches, since Colonial Era until the Eight Malaysia Plan

Year	Policy	Emphasis on Housing Policy
Before 1957	Colonial	Housing Trust and quarters.
1961-1965	2 nd Malaya	Democratic housing ownership and
	Plan	squatters
1966-1970	1 st MP	Low cost and public housing
		Urbanisation, industrialistion, public
1971-1975	NEP – 2 nd MP	housing estate. SEDC, UDA, Felda and SPPK.
	IVII	National Housing Council 1980. Low
1976-1980	3 rd MP	cost housing, Felda, quarters.
1770 1700	J WII	Low cost, medium and high – public
1981-1985	4 th MP	and private price, qualification, type,
1701-1703	T 1V11	design.
		Population settlement concept,
1986-1990	5 th MP	infrastructure and public amenities for
1,00 1,,0	0 1/11	public unity.
		Malaysian privatisation and
1991-1995	6 th MP	incorporated concepts in housing
		construction such as low cost.
		National Housing Company – RM2
1996-2000	7 th MP	billion and CIDB, smart partnership
		and housing.
		Integrated National Housing Policy.
2001-2004	8 th MP	Government – Low cost housing.
		Private – Medium low, medium and
		high cost housing
		Target achievement zero squatter.

Sources: Mohd Razali Agus (1997), Ismail Omar (2000), Salfarina Samsudin (2001) and The 8th Malaysian Plan & National Housing Department (2004).

From the above table, housing policy in Malaysia can be translated into regulations that to be complied by the developers for property development approval are as follows:

- a. Regulation to allocate at least 30 percent for the low and medium cost housing.
- b. Regulation to allocate at least 30 percent of the housing development, especially for the bumiputera buyers under the Bumiputera Lot Quota Rules.

AIM OF THE BUMIPUTERA LOT QUOTA RULES

The Bumiputera Lot Quota Rules was formed and implemented to give the opportunity for the bumiputera to own house at a discounted price. The regulation was formed through the goals and strategies under the New Economic Policy, 1971. The aim of the New Economic Policy is to balance and close the gap of equity ownership between the bumiputera and non bumiputera. The New Economic Policy was formed with the goal to achieve 30 percent bumiputera equity in all economic sectors. This includes real estate. Under the regulations, bumiputera house buyers are given between 5 to 15 percent discount of the developer's selling price. The developer also has to allocate at least 30 percent from the total housing development to the bumiputera.

Thus, the main aims of the Bumiputera Lot Quota Regulation, is as follows:

- a. Public unity among the ethnics in Malaysia.
- b. Encourage social integration and unity among the population.
- c. Assist the bumiputera to own houses. Fair and balance distribution in housing sectors. The bumiputera is given discounted rate between 5 to 15 percent.
- d. Most of the Malay and Indian ethnics only afford to buy low cost housing in urban area. Through the regulations it will encourage them to buy and own house and stay in town area.

e. The involvement of private sector to assist the government in realisation of it social obligations in housing.

LAND DEVELOPMENT AND PROPERTY OWNERSHIP POLICY IN JOHOR

Ahmad Ariffian Bujang, et. Al. (2000), the Johor state housing policy is to facilitate sufficient housing and is affordable for all citizens from all groups of income, especially the lower income. Housing development policy also has the aim to provide pleasant and comfortable living in the long term. Apart from that, the State Authority is also responsible to provide at least 30 percent from the total housing development to the bumiputera. The offered price is discounted at 15 percent of the developer's selling price. The Johor State Secretary Office (Housing Division) is responsible to implement and regulate both the Bumiputera Lot Quota Rules and public medium and low cost housing.

In Table 1.2, shows the break down of the bumiputera lot quota by pricing. The break down of bumiputera lot quota by pricing had to be done because most of the high cost or expensive housing unit allocated for the bumiputera failed to be sold. Thus the State Authority had to take steps to keep the interest of the both parties, i.e. the bumiputera and developers.

Table 1.2: Break down of bumiputera lot quota by pricing in Johor

Type of	Provi	Disco	Released	Released	Power of
Building	sion	unt	Period	Terms	Approval
Dunanig	for	GIIC	Terroa	Terms	rippiovai
	Bumi				
	(%)				
Housing	20%	15%	6 months	4 times	Full power given
unit above	2070	1570	or at least	advertised	to the Housing
RM300,000			50 %	in local	Exco through
101300,000			completed	newspaper	power of
			completed	newspaper	attorney by the
					State Executive
					Council.
Housing			6 months	4 times	Full power given
unit from	30%	15%	or at least	advertised	to the Housing
RM200,001	3070	1370	50 %	in local	Exco through
KW1200,001			/ -		power of
- DM200.000			completed	newspaper	
RM299,999					attorney by the
					State Executive
TT .			C 11	4	Council.
Housing	400/	1.50/	6 months	4 times	Full power given
unit from	40%	15%	or at least	advertised	to the Housing
RM200,000			50 %	in local	Exco through
and below			completed	newspaper	power of
					attorney by the
					State Executive
					Council.
Shop	40%	15%	6 months	4 times	Full power given
House and			or at least	advertised	to the Housing
Commercia			50 %	in local	Exco through
1 Building			completed	newspaper	power of
					attorney by the
					State Executive
					Council.

Source: National Land Convention, 2002

BACKGROUND OF THE CASE STUDY: THE DISTRICT OF JOHOR BAHRU

The district of Johor Bahru has an area of 1,765.43 sq. km. and is the most developed district in Johor, either in economic or real estate development activities. This district also is the most populated in Johor because of population immigration. Thus, in order to give good and efficient services, the administration of the district is divided into five local authorities. They are Johor Bahru City Council (JBCC), Johor Bahru Tengah Municipal Council (JBTMC), Kulai Municipal Council (KuMC), Pasir Gudang Local Authority (PGLA) and Johor Bahru District Local Planning Authority (JBDLPA). Thus, it can be concluded that the district of Johor Bahru is mostly covered by the urban areas.

The total population in the district of Johor Bahru by the local authority administration areas is shown in Table 1.3.

Table 1.3: Total population distribution in the District of Johor Bahru by Local Authorities Administration Areas (1991-2003).

	1	T	I
Local	1991	2000	2003
Authority			
JBCC	328,436	433,624	444,165
JBTMC	120,352	390,889	401,042
KuMC	70,237	121,235	124,097
PGLA	22,657	46,245	120,031
JBDLPA	162,789	167,085	170,336

Source: Draft Local Planning for the District of Johor Bahru 2002-2020 (2004).

Table 1.4, shows the population composition by ethnics in the administration areas of the local authority in the district of Johor Bahru. Table 1.4 below shows that bumiputera ethnics formed the biggest population group in Johor Bahru.

Table 1.4: Population composition by ethnics in the administration areas of the Local Authorities in the District Johor Bahru.

Local Authority	Total Population	Bumiputera %	Chinese %	Indian %	Others %
JBCC	404,780	57.5	34.2	7.4	0.9
JBTMC	364,887	36.4	49.8	13.1	0.6
KuMC	113,171	34.6	53.9	11.2	0.4
PGLA	43,169	88.3	2.8	8.6	0.3
JBDLPA	NA*	NA*	NA*	NA*	NA*

*Note: NA (Not available)

Source: Analysis from Malaysian Population and Housing

Census, 2000,

Malaysian Statistical Department. (2001)

From the above analysis, in Table 1.5 shows the total resident properties available are exceeding the total household in Johor Bahru. This situation shows that, there is an oversupply of residential property, which can be termed as the property overhang.

Local Authority Total Household Total Resident **JBCC** 94,127 105,197 **JBTMC** 84.088 106,229 KuMC 24,236 35,501 **PGLA** 10,059 12,195 NA* **JBDLPA** 34,117 246,627 259,122 **Total**

Table 1.5: Total household and resident by the administration areas of the Local Authorities in the District of Johor Bahru.

*Note: Not Available.

Source: Malaysian Population and Housing Census, 2000, Malaysian Statistical Department, (2001). Draft Local Planning, District of Johor Bahru, 2002-2020' (2004).

DATA COLLECTION AND ANALYSIS

In this paper two types of data were used, namely primary data and secondary data. Primary data were acquired direct from its sources. Thus, to acquire the primary data surveying approach is used. This is because the study required lot of data collection to get the opinions from the targeted group. The data are informed of quantitative. While the secondary are acquired from literature either in the journals, seminar papers and books.

The technique used to collect the data is through personal interviews. Personal interviews are the popular method of data collecting in the Social Science. The interview is carried out based on the provided questionnaires for every respondent. The questions inside the questionnaire are divided into two namely close ended and open ended questions.

A field study is carried out on the income and residential property ownership among the bumiputera in the district of Johor Bahru. The field study involved 462 respondent based on 95 percent degree of confidence using Taro Yamane Formula (1973). The gathered data are then analysed by using computer software called Statistical Package for Social Science or SPSS. The methods

or technique used to analyse the data are frequency and likert scaling.

INCOME AND RESIDENTIAL PROPERTY OWNERSHIP

Table 1.6 shows the analysis carried out on the level on income of the respondent in the study area.

Table 1.6: Analysis on the level of household monthly income

Monthly Income Level	Frequency	Percentage	Accumulated Percentage
Below RM1,000	110	23.8	23.8
RM1,000 – RM1,499	100	21.6	45.5
RM1,500 – RM1,999	102	22.1	67.5
RM2,000 – RM2,499	51	11.0	78.6
RM2,500 – RM2,999	36	7.8	86.4
RM3,000 – RM3,499	33	7.1	93.5
RM4,000 - RM4,499	10	2.2	95.7
RM4,500 – RM4,999	5	1.1	96.8
Above RM5,000	13	2.8	100.0
Total	462	100.0	

Source: Field Survey (2005)

Table 1.7, shows the analysis on the residential property ownership by the respondent and it was found that 55.8 percent is yet to own any residential property before, compared to 44.2 percent already owned.

 Table 1.7: Analysis on residential property ownership

Property Ownership	Frequency	Percentage
Do not owned	258	55.8
Already owned	204	44.2
Total	462	100.0

Source: Field survey (2005)

Table 1.8, shows the types of property owned by the respondent who already bought. The analysis shows that most or the respondent bought and owned low cost housing and terrace house.

Table 1.8: Types of residential the respondent that already owned

Types of Resident	Frequency	Percentage
Low cost	52	25.5
Single storey terrace	65	31.9
Double storey terrace	45	22.1
Single storey semi-D	4	2.0
Double storey semi-D	4	2.0
Single storey detach	10	4.9
Double storey detach	3	1.5
Apartment	12	5.9
Others	9	4.4
Total	204	100.0

Source: Field survey (2005)

Table 1.9, shows the price of the residential property when the respondent bought. The analysis shows that most of the respondent bought the residential property with the price below RM150,000 per unit. Thus, RM150,000 per unit is the affordable price to be paid by the respondent (bumiputera) for a residential unit?

Table 1.9: Price of the residential unit paid by the respondent who already owned a residential unit.

Price	Frequency	Percentage	Accumulated Percentage
Below 50,000	56	27.5	27.5
RM51,000-RM99,999	77	37.7	65.2
RM100,000-RM149,999	37	18.1	83.3
RM150,000-RM199,999	24	11.8	95.1
RM200,000-RM249,999	6	2.9	98.0
RM250,000-RM299,999	3	1.5	99.5
RM300,000-RM349,999	1	0.5	100.0
Total	204	100.0	

Source: Field survey (2005).

Table 1.10 below shows the affordable price to be paid for a house by the respondents who yet to buy a house. From the analysis, it is found that most of the respondent choose and buy residential unit which is less than RM150,000. Thus, it indirectly shows that the affordable housing for the bumiputera is less than RM150,000.

In term of lot status choice, most of the bumiputera buyers still to choose housing lot with bumiputera status. This is because by choosing the lot with bumiputera status, the buyer will enjoy up to 15 percent discount on the developer's selling price. Table 1.11, shows the analysis on the choice of lot status.

Table 1.10: Estimated affordable price to be paid by the respondent who yet to buy and own a house

Ranges of Price	Frequency	Percentage
Below RM100,000	135	52.3
RM101,000-RM149,999	81	31.4
RM150,000-RM199,999	20	7.8
RM200,000-RM249,999	8	3.1
RM250,000-RM299,999	11	4.3
RM300,000-RM349,999	2	0.8
Above RM350,000	1	0.4
Total	258	100.0

Source: Field survey (2005).

Table 1.11: Choice of lot status

Lot Status	Frequency	Percentage
Bumiputera lot quota	215	83.3
Opened lot	43	16.7
Total	258	100.0

Source: Field survey (2005)

THE MARKETING AND ACHIEVEMENT ON THE BUMIPUTERA LOT QUOTA

To find out whether the Bumiputera Lot Quota Regulation achieved its goal, an analysis is carried out on the market of the residential property in the study area. The analysis is carried out on the residential property stock, price range and the achievement in selling the stock. Table 1.12 and 1.13, show the analysis on the stock and price ranges of residential properties in the district of Johor Bahru.

Table 1.12: Residential Property Stock in the District of Johor Bahru (1998 –2002)

Year	Present Stock	Construction	Under	Yearly Closing Stock
1997 1998	132,707	9,962	24,205	142,669
1998 1999	142,669	8,582	27,091	151,251
1999 2000	242,905	5,466	34,643	248,371
2000	253,968	14,909	34,552	268,877
2001	268,877	17,510	33,092	286,387
2002	285,363	16,861	34,609	302,224

Source : Housing Division State Secretary Office(2003) and Property Market Report 2002/3

Table 1.13: Residential properties price ranges in the District Johor Bahru (1998 - 2002). (RM)

1998	120,000-300,000	140,000-420,000	185,000-588,000	200,000-655,000	350,000- 1,600,000	No Information	63,000-115,000	100,000-630,000
1999	90,000-240,000	150,000-438,000 134,000-400,000 130,000-295,000 140,000-364,000 140,000-420,000	108,000-450,000 150,000-380,000 150,000-300,000 140,000-430,000 185,000-588,000	165,000-810,000	130,000-850,000	No Information	32,000-134,000	80,000-550,000
2000	86,000-225,000	130,000-295,000	150,000-300,000	230,000-560,000 150,000-810,000 165,000-810,000	No Information	116,000-190,000 120,000-196,000 100,000-140,000 No Information	100,000-140,000 32,000-134,000	95,000-550,000
2001	90,000-280,000	134,000-400,000	150,000-380,000	230,000-560,000	170,000- 1,200,000	120,000-196,000	60,000-168,000	88,000-828,000
2002	85,000-320,000	150,000-438,000	108,000-450,000	190,000-715,000	195,000-700,000	116,000-190,000	68,000-145,000	120,000-782,000 88,000-828,000
Types of Building	Single storey terrace	Double storey terrace	Single storey semi-D	Double storey semi-D	Detach house	Townhouse	Flat	Condominium/ apartment

1999, 2000, 2001 and 2002) Note: a. the prices range do not include the low cost and medium low cost Source: Housing Division Johor State Secretary Office (2003) and Property Market Report (1998, houses. b. The price for bumiputera lots are given 15 percent discount. To study whether the Bumiputera Lot Quota Rules achieved its goal, i.e. 30 percent on property ownership or not, an analysis is carried out on the residential property market. The analysis is carried out on the various type residential property markets in the district of Johor Bahru from 1998 to 2003. The conclusion of the analysis is shown in Table 1.14.

Table 1.14: The marketing of residential units under the provision of Bumiputera Lot Quota in the District of Johor Bahru (1998-2003)

Year	Total Units	Total Unit	Total Unit	Balance
	allocated to	Bought Out	Released	Unit (not
	Bumiputera	by	to Non	sold or
		Bumiputera	Bumiputer	released)
			a	
1998	9,663	817	3,211	5,635
1999	7,071	599	1,246	5,226
2000	2,558	1,021	606	931
2001	7,303	1,102	2,866	3,335
2002	2,043	350	944	779
2003	2,718	843	1,298	577
Total	31,356	4,732	10,171	16,453
Percent	100.00	15.10	32.43	52.47%

Source: Housing Division, Johor State Secretary Office (2005),

Table 1.1.4, shows the total unit sold out to the bumiputera is 15.10 percent of the total units allocated for them. The low in percentage can conclude that the Bumiputera Lot Quota Regulation do not achieved its initial goals. However, the current situation in property market may have influenced the low percentage. Either the selling price after given 15 percent discount still too high for the bumiputera or the situation of property overhang in property market, by indicating that 52.4 percent of provided unit cannot be sold. Thus, this situation also influenced the bumiputera housing problems in urban area. So, why this situation can be happened?

FACTORS INFLUENCING THE BUMIPUTERA HOUSING OWNWERSHIP PROBLEMS IN THE DISTRICT OF JOHOR BAHRU

To identify the factors that influenced the urban bumiputera housing problems and issues in the district of Johor Bahru, a field survey through questionnaires is carried out. Result form the field survey and analysis, the identified factors that influenced urban bumiputera housing problems and issues is shown in Table 1.15.

Table 1.15: Factors influenced urban housing problems faced by the bumiputera in the District of Johor Bahru

Factors	Total	Average
	score	Score
House price offered by the developer is too	2082	4.52
high.		
Size/physical condition not suitable.	1982	4.29
Location of the housing estate is not strategic.	1938	4.19
Difficult to secure end financing or loan from	1931	4.18
bank/financial institution.		
Difficult to reserved incidental cost (lawyer's	1931	4.18
fee, charge fee and stamp duty is high).		
Not affordable (limited income/ not enough).	1925	4.17
Lacked of information about bumiputera lot	1907	4.13
in the market.		
Dificult to allocate 10 percent disposit at the	1901	4.11
initial stage.		
Difficult to secure bumiputera lots (the	1898	4.11
developer claimed / speculated the lots are		
sold out).		
Type of interest on the residential property	1874	4.06
(freehold or leasehold).		
Restriction in interest (reselling of a		
bumiputera lot is difficult because less	1864	4.03
secondary market).		
Bumiputera lot is less interested (closed and	1851	4.01
limited market).		
Location of a bumiputera lot within a housing	1848	4.00

estate is not strategic		
Type of building is not suitable (high rise	1835	3.97
building).		

Source: Field survey (2005).

THE FINDINGS

From the above analysis, the most important findings of the study are as follow:

- a. The introduction and implementation of the Bumiputera Lot Quota Regulation failed to achieve its goals. The low percentage of the sold out bumiputera lots from the total quota allocated, show the regulation does not achieved its goal. The low percentage also gives implication on the achievement of the New Economic Policy, 1971.
- b. Most of the bumiputera affordable housing are below RM150,000 per unit. However, most of housing development by the private developers in Johor Bahru offered houses more than RM150,000 per unit. Moreover, most of the bumiputera are still in the lower and medium income groups. Thus, the regulations must consider the derived demand of affordable housing and not only concentrate on the needs by the bumiputera.

FACTORS THAT INFLUENCED THE PROBLEMS FACED BY THE BUMIPUTERA IN HOUSING OWNERSHIP

From the analysis carried out, urban housing problems and issues by the bumiputera in Johor Bahru and thus the failure of the Bumiputera Lot Quota Regulations are as follows:

a. The price of the houses offered by the private developers is high, although after 15 percent discount is given. The price offered is sometimes speculated by the developers for bigger margin. The supply of the affordable housing is limited

- compared to the high demand. Thus, it pushed up the price of the house. The high in housing prices give implication to the affordability of to the bumiputera to buy and own home is beyond their income.
- b. The size or the physical condition of the houses is small to accommodate big household. For the affordable home, below RM150,000 per unit, the size offered by the developers are smaller. Most of the bumiputera migrated from the rural areas bring along big household. They are offered the houses with smaller size such as single and double storey terrace houses. Apart from that, they are also offered to stay in the high rise buildings such as flats and apartments which are yet to familiar.
- c. The bumiputera buyers are less affordable to buy medium high and high cost housing for better living conditions. This is due to the limited incomes and the standard of their socioeconomics conditions which influenced by socio-historical during the colonial era.
- d. Difficult to secure loan or end financing from banks and financial institutions. The qualification to secure any loan amount or end financing will depend on the total incomes and expenditures of the household. Hence, most of the bumiputeras are in the lower and medium income groups found difficulty to secure loan from banks or private institutions.
- e. Problem to pay or allocate 10 percent deposit of the selling price. This deposit is to be paid upon signing the Sale and Purchase Agreement, required under The Housing Developer's Act (Licensing and Controlled), 1966 as part of progress payments. Thus, if the selling price of the house is high, then the 10 percent deposit needs to be paid is also high and is a burden to the buyers.
- f. The location is not strategic, either the housing estates or the bumiputera lots allocated within the housing estate. Most of the affordable housing estates are located away from the town area. It may affect other fictional cost. The developers have

the say to propose the allocation of the bumiputera lot within a housing estate. However, the developers have to follow guild line issued by the State Authority before getting approval. Some of the lots allocated to the bumiputera is not suitable such as, the position of 'Kiblat' for prayer. This is similar to 'Fung Shui' for the Chinese.

CONCLUSION

The Bumiputera Lot Quota Rules is a policy introduced with the aim to balance the housing ownership between1 the bumiputera and other ethnics in Malaysia, especially the Chinese. Although the regulations was introduced and implemented for decades, it still does not meet the initial goals, especially in the urban areas. Thus, it created housing problems and issues in the urban area. The failure to meet its goals, is shown by the low percentage of sold out houses, i.e. 15 percent of the total allocated to the bumiputera. (at least 30 percent of the total development). The bumiputera housing problems and issues in the urban areas are influenced by various factors such as the price of the house is high and unaffordable, difficult to secure loan or end financing, problem to allocate 10 percent deposit, size and type of the building is not suitable and location, location within location is not strategic.

Apart from the above factors, the failure of Bumiputera Lot Quota Rules to meet its goal can also be linked to the socio-economic, socio-historical of the bumiputera ethnic and the current property market speculations.

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2

HOUSING AFFORDABILITY: A STUDY ON HOUSEHOLD EXPENDITURES RATIO ON THE INCOME FOR THE LOWER AND MIDDLE INCOME GROUPS

Zilfirhani Zulkifi Ahmad Ariffian Bujang

INTRODUCTION

Housing is one of the basic needs to every human being other than food and clothing. Housing does not only referred to a shelter but also on the interest and ownership. Housing is very important to everyone whether individually or sharing (Risaudin Mohamed, 2000). We need house to stay in order to protect ourselves from dangerous elements as well as for safety, privacy and personal comfort (Norazmawati Md. Sani el. at, 2006). Many states thought, when the economy is getting better or recovering, the populations can easily buy a house without depending on the government aids. However, because of the increasing of living expenditures and costs affected the population affordability to buy and own a house on their own. It hardly to buy a house below RM100,000 per unit in the current market especially in Johor Bahru. Houses which are below RM100,000 per unit are built for the lower income groups. These types of houses are built for eligible groups only, with the household income less than RM1,500 per month. Based on the Property Market report (2005), the medium cost housing and the

single storey terrace houses prices are between RM135, 000 to RM280,000 per unit. Thus, housing affordability issues are very critical and difficult to overcome especially for the lower and medium income groups (Bogdon and Can, 1997). This is because it is difficult to allocate how much should be spent on housing from the gross household income. In other words what is the ratio of the expenditures for housing on gross household income? According to Ahmad Ariffian Bujang (2006) the affordability level is important for one to buy and own a residential property.

DEFINITION AND CONCEPT OF AFFORDABLE HOUSING

Ahmad Ariffian Bujang (2006) pointed out, that most of the housing policies especially in the development countries are formulated to allocate affordable housing to the lower income or its targeted group. Thus to give a specific definition on the affordable housing is a difficult task.

According to Zabardast (2006), the difficulty to give the definition on affordable housing is because of is generally involved in the ability of a household to get the housing services, while specifically it involves the relationship between household income and the price or rental. Usually a household does not spend its income more than 30 percent on housing.

Affordable housing level is the ratio of the monthly loan payment on the income, in which is at the rate of 30 percent from the household monthly income. Thus, the definition and concept of the affordable housing is measured by the income and expenditures of a household to pay for the price or rental of a house. The expenses allocated for buying a house is 30 percent of the household monthly income. (Ahmad Ariffian Bujang, 2006)

Affordable housing is referred to the ability of a household pays for a house. Norazmawati Md. Sani *el. at.* (2006) stated that affordable housing concept pertains to the amount of income needed to pay for the house and other household expenditures. It is

also defined as a house that can be obtained without serious financing risks which has been set by most countries worldwide as 30 percent income limit. The 30 percent limit is the basis to access the financing for the affordable housing and thus becomes the reference for serious financing risk (Jose, 2002).

Affordability is concerned with the securing some given standard of housing (or different standard) at a price or a rent which does not impose, in the eyes of some third party (usually government), an unreasonable burden on household incomes (Lau and Li, 2002). In other terms households should be able to occupy housing that meets well-established norms of adequacy at a net rent which leaves them enough income to live without falling below the poverty standard.

According to Sabariah Sabri (2002), the measurement to identify affordable is from the total monthly household income and the amount of budget to buy a house which is not exceeding a third from the household gross income. Household income refers to the earning cash flow by an individual or both the spouse from a permanent or temporary employment, or other earnings such as investment and existing asset such as dividend and rental incomes.

Thus affordable housing is the ratio of expenditures on the income, which is not more than 30 percent of the gross household income. This can be measured by 'Price to Income Ratio (PIR)', 'Housing Expenditure to Income Ratio Measure' and Residual Income Ratio'. All the three above methods put household income as an important source. Apart from the three methods as mention above, the Conventional Measure is also being used to determine affordable housing. This method of measurement is based on 20 to 30 percent of the income is used the expenditures to buy a house (Ahnad Ariffian Bujang, 2006).

THE PATTERN OF HOUSEHOLD EXPENDITURES

The pattern of household expenditures can influence the amount to be spent on housing. Although, in theory household expenditures for housing is limited to 30 percent of the income, uncontrolled expenses will affect the comfort living.

Other than housing, the income of the household is usually spent for food, clothing, entertainments, transportations, loan repayment for cars and personal loans and saving.

According to Investigation Report on Household Expenditures, Statistical Department, Malaysia (2005), household expenditures include:

- a. All expenditures either cash or credit by any members of the household on the goods and services for personal used. These expenditures also include tax paid for the said goods and services.
- b. All goods, services and facilities received either in form of concession or free, are considered as expenditures. Example free food and accommodations.
- c. Goods or services received without any charge or by concession are also considered as income, such accommodations provided by the employer without any charge or free.
- d. Vegetables taken from own garden or sundry shop for own used need to imputation as customer's price.
- e. The value of the above price is considered as expenditures of the household.
- f. The net rental value to occupy by the owner is also considered as expenditure. The rental value need to imputation as current market for the same type of resident in the same location.

According to Investigation Report on Household Expenditures, Statistical Department, Malaysia (2005), in 1999, the average expenditures of households in Malaysia are RM1631 per month. This figure is then increased to RM1953 per month, which is about 19.7 percent in 2005.

Jamaliah Haji Junid (1993), the pattern of expenditure is influenced by the total income. Other than that it is also influenced by the size of a household, living needs such as transportation cost, household equipments, foods and other daily activities.

A finding by the Statistical Department, Malaysia the impact of the price increase on consumer goods, lubricant material and transportation cost is 69.1 percent of the household expenditures which can be divided into four categories. Table 2.1 shows the categories of household expenditures in Malaysia.

 Table 2.1: Categories of household expenditures in Malaysia

Categories of household expenditures	Percentage
	(%)
Housing, water, electricity and fuel	22
Foods and non alcoholic drinks	20.1
Transportation	16.1
Restaurant and hotel	10.9

Source: Statistical Department, Malaysia (2005)

Table 2.2 shows the groupings of monthly household expenditures in Malaysia. The groupings are food and non alcoholic drinks, alcoholic drink and cigarettes, clothing and shoes, housing, water, electricity, gas and fuel, decoration, equipments and household maintenance, health, transportation and communication, recreational and cultural services, education, restaurant and hotel and services goods.

Table 2.2: Average monthly household expenditures groups

Expenditures groups	(RM)	(%)
Food and non alcoholic drinks		
- Rice	36	1.8
- Bread and other grains	44	2.3
- Meat	54	2.8

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Average monthly household expenditures (01 – 12)	1954	100
Avaraga monthly housahold avnanditures (01	1954	100
Other goods and services	9 167	8.5
	9	0.4
- Accommodations and other services	35	1.8
 Dinning out expenditures Refreshments 	169	8.7
	30	2.0
Restaurant and hotel	38	2.0
Educational	92	4.7
Recreational and cultural services	417	21.4
Transportations and communications	27	1.4
Health	83	4.3
Decoration, equipments and household	430 83	22.0
Housing, water, electricity, gas and fuel	59 420	3.0
Clothing and shoes	35	1.8
Alcoholic drinks and cigarettes	25	1.0
- Coffee, tea cocoa and non alcoholic drinks	25	1.3
- Non classified food products	25 25	1.3
- Sugar, jam, honey, chocolates, sweetie	13	0.7
- Vegetables	44	2.2
- Fruits	27	1.4
- Cooking oil and fat	12	0.6
- Milk, butter and eggs	31	1.6
- Fish and sea food	82	4.2

Source: Investigation Report on Household Expenditure, Malaysia (2005)

HOUSEHOLD INCOME

Income is the main factor influencing the ability to buy. Income is depended on the types of employment, period of employment and rank in the employment. According to Annual Statistical Book 2006, the Statistical Department of Malaysia, the sources of income of a household are:

a. any salary, pay, cash allowance, bonus, commission, overtime payment, free food or concession, free consumer

- goods or concession received and contribution to EFP and PERKESO
- b. Income from self employment that includes the value of goods that are produce for own used.
- c. Income from real estate includes royalty, rental, interest and dividend.
- d. Current transfer receipt such as money received from other household, scholarship, fellowship, and pension, prompt payment from estate, trust fund and money prices.
- e. Other income such as rental which is valued for the house occupied by the owner.

Table 2.3 below shows the monthly gross income of the ethnics in Malaysia in 1995, 1997, 199 and 2002.

Table 2.3: Monthly gross household income of the ethnics in Malaysia

Ethnic group	1995	1997	1999	2002
8 mp				
MALAYSIA	2020	2606	2472	3011
111111111111111111111111111111111111111		2000	2.72	3011
Bumiputera	1604	2038	1984	2376
Chinese	2890	3737	3456	4279
Clinicsc	2070	3131	3730	7217
Indian	2140	2896	2702	3044
maran	2110	2070	2702	5011
Others	1284	1680	1371	2166

Source: The 8th Malaysia Plan (2006).

Income is very important in studying the affordability the buy a house. It also influenced the types of affordable housing that a household can buy. Thus income received is the determination on the price and type of houses that is affordable by a household (Sabariah Salbi, 2002).

METHODOLOGY

In achieving the objective of this paper, the research methodology can be divided into live stages. The stages are:

- a. Introduction
- b. Literature review
- c. There are two types of data namely primary and secondary data.

The primary data is collected by questionnaires from the respondent. While secondary data are from literatures such as journals, books and research paper.

d. Data analysis.

The data collected is analysed by using frequency and cross tabulation methods.

e. Findings and conclusion.

DATA COLLECTION AND ANALYSIS

The data were obtained through the distribution of questionnaires to the population the study area i.e. the district of Johor Bahru. These questionnaires are distributed randomly in order to get the feedback from them. The questions in the questionnaire are the level of income, pattern of expenditures, type of affordable housing, affordable price, type of housing financing and comments. Table 2.4 shows the analysis on the level of household monthly income and Table 2.5 shows the level of monthly household expenditures by the respondents.

Total income	Frequency	Percentage
Less than RM1200	10	23.8
RM1201 – RM1800	24	57.1
RM1801 – RM2500	6	14.3
Above RM2500	2	4.8
Total	42	100

Table 2.4: Household monthly income level

Table 2.4 shows that most of the respondents or household monthly income level is between RM1,201 to RM1,800 per month. The analysis shows that 57.1 percent of the respondents are in this level of income. The fewest respondents are above RM2,500 which is only 4.8 percent.

Table 2	5.	Household	monthly	expenditures	level
I able 2		Housemora	momuny	CAPCHUITUICS	10 101

Total Expenditures	Frequency	Percentage
Less RM800	11	26.2
RM801 – RM1500	28	66.7
RM1501 – RM2500	20	4.8
More than RM2500	1	2.4
Total	42	100

The above table shows 66.7 percent of the respondent monthly household expenditures are between RM801 to RM1,500 which is the largest group. Only one respondent or 2.4 percent has total household expenditures that is more than RM2,500.

From above Table 2.4 and Table 2.5, it can be said the most of the respondents are from the lower and medium income groups.

In terms of affordable housing by the respondents, Table 2.6 shows the analysis on the types of affordable housing. While in Table 2.7 shows the analysis on the affordable price.

Table 2.6: Analysis on the types of affordable housing

Types of affordable housing	Frequency	Percentage
Low cost housing	22	52.4
Single storey terrace	14	33.3
Double storey terrace	4	9.5
Apartment	2	4.8
Others	0	0

The above analysis in Table 2.6 shows half of the respondents only afford to stay in the low cost housing which is 52.4 percent. 33.3 percent stays in single storey terrace houses, four or 9.5 percent in double storey house and the balance 2 respondents or 4.8 in the apartment.

Table 2.7: Analysis on the affordable price

Affordable price	Frequency	Percentage
Less than RM50,000	18	42.9
RM50,001 to RM80,000	15	35.7
RM80,001 to RM120,000	6	14.3
Above RM120,000	3	7.1

Table 2.7, shows that 42.9 percent of the respondent affordable price to pay for housing is below RM50,000 per unit. While 35.7 percent afford to pay RM50,001 to RM80,000. For the affordable price between RM80,001 to RM120,000 is 14.3 percent and the

balance 7.1 percent afford to pay for housing that is above RM120,000.

From the analysis in Table 2.6 and Table 2.7 it can be pointed out that most of the respondents are from the lower and medium income groups. They only afford to stay in the low cost houses with the affordable price is less than RM50,000.

Table 2.8 shows the relationship between household income and the types of affordable housing. While in Table 9 shows the relationship between household income and the price of the affordable housing.

Table .2.8: Relationship between household income and types of affordable housing

Income	Low	Single	Double	Apartment	Total
	cost	storey	storey		
		terrace	terrace		
Less than	9			1	10
RM1200					
RM1201 -	11	11	1	1	24
RM1800					
RM1801 -	2	3	1		6
RM2500					
More than			2		2
RM2500					
Total	22	14	4	2	42

Table 2.8 shows most of the low cost housing are affordable by the respondents with the household income below RM1200 to RM2500. Thus it shows that most of the respondents only afford to stay in the low cost housing.

Table 2.9: Relationship between household income and the price of affordable housing

Income	Less than RM50,000	RM50,001- RM80,000	RM80,001- RM120,000	Above RM120,000	Total
Less than RM1200	7	2	1		10
RM1201 - RM1800	9	10	2	3	24
RM1801 – RM2500	1	3	2		6
Above RM2500	1		1		2
Total	18	15	6	3	42

Table 2.9 shows that the income group between RM1201 to RM1800 has the most distribution of the price affordable on housing. Most of their affordable housing price between RM50,001 to RM80,000 and less than RM50,000.

THE FINDINGS

Based on the analysis and literatures review the most important finding in this paper is the influenced of household income on the level of affordability to buy and own a house. The higher the income the more money a household has to spend on housing. Thus the affordable level for housing is increased. However the influenced of household expenditures had little impact on the level of a household affordability for housing. Thus household expenditures ratio on income to determine the affordability for housing can be the useful guide to allocate certain amount of money for housing.

Since in this case study the household come from the lower and middle income groups the affordable housing is the low and medium cost with the price below RM120,000. This paper also found that the household income can also influence the types of affordable housing and thus it affordable price.

RECOMMENDATION AND CONCLUSION

Apart from the above findings, a household affordability for housing has to take into consideration on the financing aspects. In financial aspect the question of loan repayment is depend on the rate of interest, financing period, the amount of loan and also the household income. The household income is used to calculate the eligibility of loan amount. According to Ahmad Ariffian Bujang (2006), the affordability of a household on the price of the house can be calculated by taking into consideration of the 30 percent allocation from income for housing, rate of interest and financing period. The formula used is as follows:

Hg = Y (x%) x
$$\frac{1 - (1 + i)}{i}$$

Where:

Hg = Affordable housing price

Y = Household income

x% = Allocation for expenditure to pay loan (percentage from income)

i = Rate of interest

n = Financing period (years)

Table 10 illustrate the calculation of the household affordability for housing based on 30 percent is allocate from income for 0 years, 25 years and 30 years financing period at the rate of interest of 6 percent per annum (bank loan). The gross

household incomes are from RM1000 per month to RM2,500 per month.

Table 2.10: Approximate maximum price for affordable housing based on 6 percent rate of interest (Using Parry's Valuation Tables)

Annual	Percentage	Financing	Financing	Financing
household	of	period	period	period
income (Y)	expenditure	20 years	25 years	30 years
	for housing	(11.4699)	(12.7834)	(13.7648)
	financing			
	per year			
	(30%)			
RM12,000	RM3,600	RM41,000	RM46,000	RM50,000
RM14,400	RM4,320	RM49,550	RM55,000	RM59,500
RM18,000	RM5,400	RM62,000	RM69,000	RM74,500
RM21,600	RM6,480	RM74,500	RM83,000	RM89,000
RM24,000	RM7,200	RM82,500	RM92,000	RM99,000
RM26,400	RM7,920	RM90,800	RM101,200	RM109,000
RM30,000	RM9,000	RM103,200	RM115,000	RM123,800

The above table shows that apart from the income, the financing period can also influenced the household affordability to buy a house. The longer is the financing period the higher is the affordability level of a household. This situation is also applicable to the rate of interest. The lower is the rate of interest the higher is the affordability level. The table shows that if a household monthly income is RM1,000 or RM12,000 per annum, the maximum price for affordable housing is RM50,000. The calculation is based on 30 percent of the income for housing as stated in the literatures and the financing period is 30 years at the rate of 6 percent per year.

Thus, affordable housing for a household in not only influenced by the expenditures ratio on income, but also by the financing period and rate of interest.

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INVOLVEMENT OF CO-OPERATIVE IN SOLVING HOUSING PROBLEMS FOR LOW AND MEDIUM INCOME GROUPS

Siti Rohana Salleh Ahmad Ariffian Bujang

INTRODUCTION

Co-operative movement is a social economic organization registered under the provision of Co-operative Act, 1993 (Act 502). The membership, capital and administrations are based on cooperation. The members raised their own capital and formed the board of directors to manage and administrate the organization. The main activity of the co-operative is trading with the aim to raise the social-economic of the members and give short term loan to finance small business.

In Malaysia co-operative movement was formed 85 years ago. Until now the role of the co-operative movement involved had extent to other economic sectors such as housing, transportation, land development, agriculture, printing and banking services. Co-operative also opened the employment opportunities and aid for financing sources for investment. This is because co-operative movement is the third sector that can transform the growth of national economy after the pubic and private sectors. Thus the government formulated the National Co-operative Policy in 2004 as the guidance for the co-operative movement to be more focused in the economic development. Hence the government formed the Commissioner of Co-operative Malaysia in order to strengthen the movement in the economic development. As Ungku Aziz (1980)

pointed out that co-operative movement is encouraged to undertake competitive project for its members, including housing projects. Hajah Armi Haji Zainudin (2005), in consistence with Ungku Aziz statements based on the concept, principles and the value of co-operative, the role of the movement is to overcome the question of imbalanced between the rural and the urban development and hence closed the gap between the poor and the rich. This can be also applied to housing ownership especially to offer affordable housing to the lower and medium income groups.

However, the co-operative movement faced three major problems in the development of housing scheme. The problems are financing, weak administration and lack of experience in carrying out the housing development (Rusnani Mamat, 1993).

THE DEFINITION AND CONCEPT OF CO-OPERATIVE MOVEMENT

The term co-operative is differently defined from the law and economic points of view. The Dictionary (Kamus Dewan dan Pustaka, 2000), co-operative is a company registered under the Co-operative Act, 1993 (Act 502). However, from the economic term co-operative is an organization with four criteria. The criteria are:

- a. A group of people organized by at least one common interest for its members.
- b. The motive or intension of the individual members and the co-operative is to enhance the common interest by group activities based on the spirit to give aid among the members.
- c. The members formed a company and together they owned, financed and managed it in order to achieve its goal.
- d. The main aim to form a company is to enhance the members' economic interest.

However, Syed Abdullah A. Bakar (1987), co-operative is defined as an organization with the people as the members having common goal to achieve. The members willingly grouped together

to improve their social economic situation and carry-out democratic organization management based on the individual right and majority voice. The National Co-operative Movement, Malaysia (ANGKASA), formulated three co-operative manifestoes. The manifestoes are:

- a. The ambition of the co-operative movement.
- b. The principles which formed the policy for the co-operative movement.
- c. The conditions to carry-out the said ambition and principles.

Co-operative movement is not a limited company. It is important to distinguish the different between a co-operative movement and a limited company. Rusnani Mamat (1999), the different between a co-operative movement and a limited company are:

- a. A Co-operative movement is established to fulfill its members' requirements. While a limited company is for profitable goal.
- b. The members are the owner of a co-operative movement. A limited company is owned by shareholders.
- c. Co-operative movement control is based on democracy system by the members vote.
- d. Limited company control is based on the number of shares the shareholders owned.
- e. The profit of a co-operative movement is shared by the members. The limited company profit is distributed among the shareholders.
- f. The value of the share for a co-operative movement is fixed and can be withdrawn by the members. Share in a limited company cannot be withdrawn and the value is fluctuated.
- g. The establishment of a co-operative movement is under Co-operative Act 1993 and limited company in under Registrar of Company.

Thus, from the above statement, co-operative movement can be defined as an organization which is owned, financed and managed by its members with the aim to enhance social economic situation and fulfill the requirement of the members. The members had the

right to vote and elect the board of directors. In Malaysia Cooperative is governed by the Co-operative Act 1993 (Act 502).

THE CO-OPERATIVE MEMBERSHIP

The co-operative membership is opened to all Malaysian citizens. However under the Co-operative Act 1993, the membership as a registered member in a members' registered book and is eligible to be the member of a basic co-operative, one must be:

- a. Malaysian citizen.
- b. Age above 18 years old or certain matters in a co-operative at the age of 12 years old
- c. Resident or employment or owned land within the basic cooperative area.

THE CO-OPERATIVE PRINCIPLES

Ungku Aziz (1980) a co-operative shop established by Rochdale Pioneer practiced some principles which are also the foundation of co-operative organization. Under the provision of Section 4(1) Co-operative Act 1993, the co-operative principles are:

- a. The membership is a voluntary and opened.
- b. Democracy is controlled by members.
- c. Economic participation by members.
- d. Autonomy and freely.
- e. Corporation among the co-operative.
- f. Sensitive toward the society.

TYPES OF CO-OPERATIVE

In Malaysia there are various types of co-operative. The type of co-operative movement depends on the activities that a co-operative movement practiced or carried out. The types are:

- a. financing and credit
- b. housing
- c. consumer
- d. transportation
- e. estate
- f. industrial
- g. construction
- h. services
- i. utility

THE CO-OPERATIVE POLICY

The co-operative policy was passed by the government in 2002 and launched in 2004. The co-operative policy is a guide on the direction for the co-operative movement currently and in future. According to Dato' Shariff Ahmad Mp (1978), there are eight strategies arranged for the benefit of the co-operative movement and to enhance the image of the Malaysian co-operative movement internationally. The strategies are;

- a. To ensure the co-operative principles and philosophy is understandable and practice in the co-operative movement.
- b. To up-date the law and regulations for encourage the development of co-operative sector.
- c. To recognise the co-operative movement as impetus and contribution in national economic development.
- d. To strengthen and up-dated the administration, management, financial and supervision of a co-operative.
- e. To increase the source of capital in order the co-operative can compete with competition.

- f. To increase the cooperation among the co-operative and the third party
- g. To increase the product and services quality continuously for the members always received the best product and services.
- h. To form the National Co-operative Consultative Council.

INVOLVEMENT OF CO-OPERATIVE IN HOUSING DEVELOPMENT

The concept of providing housing by means of co-operative is originated from European country. Housing co-operative provide houses for members is compatible to the government and private sectors after the second world war (Rusnani Mamat, 1993). This ideal was then expanded to the United States and Asian country. In Malaysia the concept of housing co-operative begins in 1949 and then expanded after 1957, where it was influenced by the migration of population from rural to urban area, which caused housing problems. It was worsened by the high rental value to for a home and the rate of interest to pay back the loan. Thus, housing co-operative provides a better alternative to overcome the problems which offered reasonable and affordable housing.

According to Zaharah Hassan (1981), basically co-operative developed housing schemes for members who need the house. However, there are also co-operative sold the housing to those who are non members. In developing a housing scheme, the co-operative can carried out the activity unless it conflicting or against the rules. The co-operative can be the developer and play the role to provide housing for the members and the society. Co-operative acquired land by:

- a. Land owned by members who applied for housing.
- b. Land alienated by the state government.
- c. Purchase private or individual land.

Housing co-operative practicing in Malaysia refers to cooperative owned land, developed and constructed the land and distributed the housing to the members when their loan is fully settled (Dass, 1971). However there are some criteria for housing involvement by co-operative as follows:

- a. Acquiring suitable land for housing project either land alienation from the government or private land. The site is then developed with infrastructure and offered to members.
- b. Purchasing land and developing into housing scheme. The co-operative only has to seek advice from professional.
- c. Facilitating members to secure house ownership. The members only have the right to stay in the house by paying certain amount to the co-operative. If the members want to release the liability they can only sell the house to the co-operative. The co-operative can transfer the right to other members who need the house.
- d. Providing housing facility to the members but still secure the ownership. Co-operative members only have the possession to stay by paying certain amount to the co-operative. If the members want to release the liability they can only sell the house to the co-operative. The co-operative can transfer the right to other members who need the house.
- e. Initiate members to involve in housing project by providing technical assistance. The members are responsible to contribute the building cost either in term of financial or labour.

THE CASE STUDY – THE JOHOR STATE LAND DEVELOPMENT CO-OPERATIVE LIMITED KLUANG (KOPKETA)

Based on the information by the Department of Co-operative Development (2006) there are two co-operative movements carried out housing development for members and also for the local community in Kluang District. The co-operative movements are the Johor State Land Development Co-operative Limited (KOPKETA) and Kluang Housing Co-operative.

The Kluang Housing Co-operative activity only focused on the development of housing schemes. However, the development is for members only. The scale or size of the development is small and only used the fund contributed by the members.

While KOPKETA is categorise under the utility co-operative. KOPKETA can carry out various economic activities including housing development. KOPKETA can develop a large scale housing development schemes not only for the members but also local community. Table 1, shows the activities carried out by KOPKETA

Table 3.1: Activities carried out by Johor State Land Development Cooperative Limited Kluang (KOPKETA)

Activities	Asset or value	Status and remarks
a. Palm oil estate	3,011 acres	Alienated land from government
b. Subsidiary	247 acres	Cottage industry - produced
company		drinking water reverse osmosis
		under COOL ICE brand.
c. Integrated	21 cows	Import life stock (cows) under
cattle farming		parent company (Pembinaan
		Waja 2020 Sdn. Bhd.)
d. Housing	900 acres	Housing project joint-venture
project		with a developer. Development
		cost is RM2 billion and is
		expected time to complete is 15
		years.
e. Real estate	5 units of three	Bought for the purpose of
investment	storey building	increasing asset and rental

Source: KOPKETA (2007)

METHODOLOGY

To achieve the objectives of this paper, a field survey is carried out. The field survey is carried out to collect primary data. The instrument used to collect primary data is questionnaire. The questions in the questionnaire are close ended. Apart from the survey, secondary data is also required in this paper especially for the literature reviews. The secondary data are acquired from references such as journals and seminar papers. The data is then analyse using computer software known as Statiatical Package for Social Science or SPSS. The methods used to analyse the data are frequency, likert scaling and cross tabulation.

HOUSING DEVELOPMENT SCHEME BY KOPKETA

The involvement of KOPKETA in the housing development scheme is a positive approach to provide affordable housing to be owned by members and unaffordable community around. Most of the housing projects developed by private developers failed to comply with the needs of the local community because the selling price offered are too high or beyond the affordability level. Thus indirectly affordable housing development scheme developed by KOPKETA can at least help the low and medium income groups an opportunity to buy and owned a house.

The concept used by KOPKETA in housing development is affordable housing with the goal to ensure the lower and medium income groups are able to own a house. With this concept KOPKETA medium cost housing is sold out. Most of the buyers are bumiputera with household monthly income below RM1000.

KOPKETA also planned and implemented strategically involving 10 phases of development for over the period of 15 years of completion. Currently the first phase of housing development called Putra I, comprising of low and medium cost housing and low cost shop house is completed. However the development of this housing scheme is supervised by the Johor State Government

because it involved the population mixed and to avoid monopoly. Table 3.2 shows the planning and implementation of the housing scheme by KOPKETA on the 900 acres site. Table 3.3 shows the selling price of the houses and shop house in the housing scheme developed by KOPKETA

Table 3.2: Planning and implementation of housing scheme by KOPKETA

Phases	Total unit	Types of unit developed	Selling achievement
	developed		
Putra 1	627	Low cost housing	100% sold out for
		Medium cost housing	medium low cost
		Low cost shop house	housing
			Low cost managed by
			State Government
Putra 2	922	Medium cost housing	Planning stage
		Low cost housing	
		Shop house	
Putra 3	700	Low cost housing	Planning stage
		Medium cost housing	
Putra 4	700	Low cost housing	Planning stage
		Medium cost housing	
		Shop	
Putra 5	700	Medium cost housing	Planning stage
		Bungalow	
Putra 6	700	Medium cost housing	Planning stage
		Shop house	
		Bungalow	
Putra 7	800	Medium cost housing	Planning stage
		Apartment	
Putra 9	900	Medium cost	Planning stage
		Shop house	
Putra 10	600	Medium cost housing	Planning stage

Source: KOPKETA(2007)

Table 3.3: Selling prices of the houses and shop houses in housing development scheme developed by KOPKETA

Types of unit	Selling price (per	Land area/dimension
	unit)	
Medium cost housing		
Bumiputera lot	RM78,000	20' x 70'
Non bumiputera lot	RM92,888	
Low cost housing	RM50,000	18' x 60'
Shop house	RM130,000	22' x 80'
Bungalow	RM200,000	1,666 sq. meters
Apartment	Planning stage	Planning stage

Source: KOPKETA (2007)

SOURCE OF FINANCING FOR KOPKETA HOUSING SCHEMES

In carrying out a housing scheme development large amount of capital is needed. Thus, financing aspect is very important to develop a housing scheme. Lack of capital can jeopardized the whole development project. In the case of KOPKETA the housing scheme development is financed by joint-venture concept. KOPKETA owned the land or site to develop a housing scheme but lack of financing and experience. In order to secure the financing of the housing scheme development KOPKETA enter into joint-venture with Matrix Concepts Pte. Ltd. as the developer. Matrix Concept Pte. Ltd. will then finance the development. While Persada Tenaga Pte. Ltd. was appointed as the project manager, since they had the experience to supervise the project and is directly the advisor to KOPKETA in the housing project.

In return from the joint-venture concept, KOPKETA will get houses for members. The members will get the houses free. Thus, this concept of joint venture is profitable. This distribution of profit is agreeable between KOPKETA and Matrix Concept Pte. Ltd. as shown in Diagram 3.1.

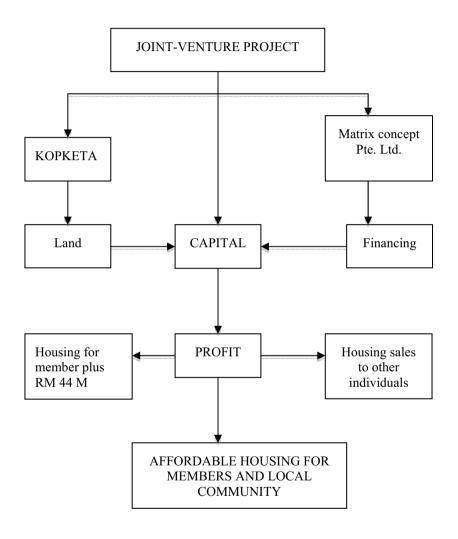


Diagram 3.1: Joint-venture on housing scheme and profit sharing between KOPKETA and the Matrix Concept Pte. Ltd.

Source: KOPKETA (2007)

PROBLEMS FACED BY KOPKETA IN DEVELOPING HOUSING SCHEME PROJECT

Various aspects need to be considered by a co-operative when involved in housing scheme project. The lack of consideration may caused problems for a co-operative to carry out housing project. Thus the problems that KOPKETA faced in developing the housing scheme are:

- a. Financing problems.
 - KOPKETA faced cash flow problems especially to secure bridging finance and end financing. Thus the co-operation has to apply soft loan from financial institutions or from the National Co-operative Commissioner.
- b. Administrative problems

 Most of the board of directors of KOPKETA is on
 voluntarily basis and not permanent basis. Their maximum
 period of office of the board of directors is three year and
 can be reelected in the general meeting. Thus it can cause
 administrative problems when change management
 happens. Moreover most of the members are veteran
 difficult to accept new ideal, transparent, effective and
 expansion from the relevant parties.
- c. Inexperience
 KOPKETA does not had experience staffs or labour forces
 to carry out and decision making on the housing scheme
 development.

DATA COLLECTION AND ANALYSIS

As pointed above the primary data is collected by distributing of questionnaire to the respondents. Only 70 respondents answered the questionnaires. The data is then analyse by using quantitative methods such as frequency and likert scaling. Cross tabulation is to determine the relationship of the data. Table 3.4 shows the analysis

on the ethnic group of the respondent. Table 3.5 shows the age groups.

Table 3.4: An analysis on the respondent ethnic

Ethnic groups	Frequency	Percentage (%)
Malay	53	76.0
Chinese	10	14.0
Indian	7	10.0
Total	70	100

The analysis in Table 3.4 shows that most of the respondents are Malay with 76.0 percent. This follows by Chinese 14.0 percent and Indian 10.0 Percent.

Table 3.5: An analysis on respondent age

Age groups	Frequency	Percentage (%)
24 – 30 years	48	68.6
31 – 35 years	9	12.9
36 – 40 years	10	14.3
41 – 45 years	3	4.3
Above 45 years	0	0.0
Total	70	100

The result of the analysis is Table 3.5 shows that most of the respondents' ages are between 24 to 30 years old with 68.6 percent. 12.9 percent between 31 to 35 years old and 14.3 percent between 36 to 40 years old. While 4.3 percent are between 41 to 45 years old. None of the respondent is above 45 years old.

Table 3.6 and Table 3.7 below show the analysis on respondent employment and monthly income.

 Table 3.6: An analysis on respondent employment

Types of employment	Frequency	Percentage (%)
Government servant	40	57.1
Private sector	26	37.1
Self employment	4	5.7
Total	70	100.0

Table 3.6 shows government servant is the largest group respond the survey with 57.1 percent. This follows by private sector 37.1 and self employment 5.7 percent.

Table 3.7: An analysis on the household monthly income

Monthly Income (RM)	Frequency	Percentage (%)
Below RM1000	39	55.0
RM1001 – RM2000	18	26.5
RM2001 – RM3000	13	19.0
Above RM3000	0	0
Total	70	100.0

Table 3.7 shows 55.0 percent of the respondent earned less than RM1000 per month. While 26.5 percent of the respondent earned between RM1001 to RM2000 per month and 19.0 percent between RM2001 to RM3000 per month. None of the respondent earned above RM3000 per month. From the analysis it can be concluded that most of the respondents are from the lower and medium income groups.

Table 3.8 shows the analysis on the affordability price by the respondent to buy a house and Table 3.8 on the types of affordable housing of the respondent.

Table 3.8: Affordable price paid by the respondent on housing

Housing price	Frequency	Percentage (%)
Below RM100,000	55	79.0
RM100,001 – RM200,000	15	21.0
Above RM200,000	0	0.0
Total	70	100.0

The above analysis shows that 55 percent of the respondent afford to buy housing with the price of below RM100,000 per unit. Respondent who afford to buy housing with the price between RM100.001 to RM200,000 is 21.0 percent. None of the respondent afford to pay housing that is more that RM200,000. The above analysis show that more than half of the respondent affordable on low and medium cost housing.

Table 3.9: The types of affordable housing

Types of housing	Frequency	Percentage (%)
Single storey terrace (low cost)	49	70.0
Double storey terrace (low cost)	9	12.9
Single storey terrace (medium cost)	4	5.7
Double storey terrace (medium cost)	8	11.4
Total	70	100.0

The above analysis in Table 3.9 shows that the respondent affordable types of housing are single and double storey low and medium cost housing. Table 3.10 shows the relationship between household monthly income and the affordability price the

respondent paid and in Table 8 shows the relationship between household monthly income and the type of housing affordable.

Table 3.10: Relationship between household monthly income and affordable price for Housing

Household	Below	RM100,000 -	Total
monthly	RM100,000	RM200,000	
income			
Below	39	0	39
RM1000			
RM1001 -	8	10	18
RM2000			
RM2001 -	3	10	13
RM3000			
Total	50	20	70

The analysis in Table 3.10 shows that all respondent with household monthly income afford only to buy housing below RM100,000. For respondent with household monthly income between RM1001 to RM2000, eight of them afford below RM100,000 and ten others RM100,000 to RM200,000. While the respondent with household monthly income between RM2001 to RM3000, ten of them afford for housing between RM100,000 to RM200,000 and the balance three below RM100,000.

Table 3.11: Relationship between household monthly income and the types of affordable housing

Household monthly income	Single storey terrace (low cost)	Double storey terrace (low cost)	Single storey terrace (medium cost)	Double storey terrace (medium cost)	Total
Below RM1000	35	4	0	0	39
RM1001 - RM2000	8	5	5	0	18
RM2001 - RM3000	0	0	0	13	13
Total	43	9	5	13	70

Table 3.12 shows the analysis on the factors that influenced the members and local community choose to buy and owned housing scheme developed by co-operative movement. The analysis is carried out using Likert scaling.

Table 3.12: The analysis on the factors influencing members and local community buy housing scheme developed by co-operative movement

Factors	Total score	Average score
Affordable price	320	4.57
Loan facilities	277	3.96
Public amenities (public transport,	271	3.87
place for worship and school, etc)		
Size of land and built-up area	271	3.87
Basic facilities	267	3.81
Building finishes	267	3.81
Building design	266	3.80

Good accessibility	266	3.80
Development and environmental	258	3.69
Accommodation	256	3.66
Distance from working place	219	3.13
Distance from town centre	216	3.09

From the above analysis affordable price is the main factor that influenced the members and the local communities buy housing developed by co-operative movement. The price offered is affordable especially to the lower and medium income groups. This follows by loan facilities, public amenities and size of land and built-up area. In term of loan facilities, some co-operatives provide their owned financing for the members.

FINDING AND CONCLUSION

Based on the analysis and literature reviews the most important finding of this paper is co-operative can plays the role to overcome housing problems faced by the lower and medium income group. This is because co-operative movements are able to develop affordable housing scheme especially for members and also the local communities who are mostly from the lower and medium income groups. Move over the co-operative movements are formed to enhance the members social-economic including owning a house. Thus the involvement of co-operative movements can overcome the affordable housing problems faced by the lower and medium income groups.

Thus the government should encourage more co-operative movement involved in housing development project apart from the public sectors. This is because of the failure of the private developers to carry housing development for the lower and medium income group. However the co-operative movements faced problems in financing, administrative and experience. The problems can be overcome by carry out joint-venture project to

develop affordable housing between the co-operative movements and the third party.

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4

ROLE OF LOCAL AUTHORITY IN PROVIDING QUALITY HOUSING FOR LOWER INCOME GROUP IN KUALA LUMPUR CITY HALL

Nurhayatii Sebli Ahmad Ariffian Bujang

INTRODUCTION

Rapid urbanization process had contributed to increase of higher population in the urban and will caused accommodation shortage and squatter existence. Government realizes that comfortable housing is core factor which contribute to the increase of social status and economy. Ahmad Ariffian Bujang (2006) pointed out the housing policy formulated, apart from providing affordable housing to the lower income group, the question of comfortable living should also be considered. Thus, several housing programmes and schemes are implemented and continued in The Malaysian Plan to provide comfortable and adequate housing to the people.

Begins with Seventh Malaysian Plan, emphasis has been given towards providing affordability quality housing especially for lower income groups with more favourable urban services and comfortable environment. Kuala Lumpur City Hall (KLCH) played an importance role to provide public housing for lower income group in Kuala Lumpur. At the beginning, low-cost housing policy allotted in Second Malaysian Plan until Ninth Malaysia Plan,

KLCH role seem never been decreased. Each year KLCH has to draft several new strategies to meet the lower income group need, especially on housing.

In Kuala Lumpur Structure Plan 2020, KLCH had underlined several policies in effort to upgrade housing environment. This include to improve the comfort level inside and outside housing development, enhance provision of infrastructure, utility and facility and improve housing development appearance. Innovative design, providing comfortable and current facility, multiple choice, quality finishing and attractive layout will become primary attention.

Nevertheless, various grievances, complaint, problems and others undergo by the people, buyer or owner stated in public housing are heard. These things mooted from various aspects, especially on the aspect of housing quality. The incidents show a gap between the role of KLCH and satisfaction of people staying in its public housing schemes.

IMPROVING THE QUALITY OF HOUSING

Access to adequate, affordable and quality housing is an important social goal of national development. Housing fulfils a fundamental aspect of man's basic need, given that access to safe and adequate shelter and basic services is essential to a person's physical, psychological, social and economic well-being. Recognizing this, the Government has actively promoted access to comfortable living quarters as well as affordable housing, especially for the lower income groups (Malaysian Quality of Life, 2004).

This is proved by a statement quoted from the Ninth Malaysian Plan. During the Ninth Plan period, continuous efforts will be undertaken to ensure that Malaysians of all income levels will have access to adequate, quality and affordable homes, particularly the low-income group. In this regard, the private sector will be encouraged to build more low- and low-medium-cost houses in their mixed-development projects while the public sector will

concentrate on building low-cost houses as well as houses for public sector employees, the disadvantaged and the poor in urban and rural areas.

Quality housing can be formulated as housing schemes been carefully planned very, with innovative home design and beset beautiful landscape area that maintain compact greenness concept. These areas also very strategic and furnished with good road facility network, nearby public transport facility, and furnished with modern utilities as school, mosque, multipurpose hall, recreational area and others (Ramli, 2005).

Quality housing feature include physical and non-physical characteristics. Physical characteristics comprised location, housing design, types of housing and the residents comfort level. In the other hand, not physical characteristic comprise from the aspect socio economic, people mixture and level of crime of that area (Aulia, 2006).

Previous studies on residential comfort have analysed many variables such as housing, neighbourhood, and user's characteristic that affect residential comfort. Building features, such as number of bedrooms, size and location of kitchen and quality of housing units are strongly related to residential comfort. Comfortable with neighbourhood has been noted to be an important factor of housing comfort. It includes neighbourhood facilities such as schools, clinics, shops, community halls and etc (Ghani, 2006).

KUALA LUMPUR CITY HALL (KLCH) ROLE AS PUBLIC HOUSING AGENT

CHKL's public housing schemes are fully managed by Department of Housing Management. Main objective of the department is to manage and maintain public housing schemes so that to provide comfort to the residents and create harmonious social environment, healthy, cooperative and responsible. This objective was synchronizing with the Malaysian Plan objective to provide quality and comfort housing for the residents.

KLCH developed two main policies as a guide for their action plan. The two main policies are Public Housing Policy stated in Kuala Lumpur Structural Plan 2020 (KLSP 2020) and KLCH Public Housing Sale Policy. The Kuala Lumpur Structural Plan 2020 (KLSP), contained vision, goals, policies and proposals to drive development Kuala Lumpur (City) for 20 coming year. It does not contain detailed of physical planning proposals for some particular area. Physical proposal detailed will be included at the further development plan via, local plan. KLCH Public Housing Sale Policy was developed to provide the opportunity for PPR's housing tenants in Kuala Lumpur to buy the house that they had been occupied. This is because the said tenants have been able to accommodate with surrounding and neighbourhood in the said housing scheme.

For each year, KLCH has allocated certain amount of fund to develop quality public housing and comfort programme. Although the programme stated is carried out on staggered method, KLCH will ensure all public housing schemes under its management to get the same benefit. This quality and comfort enhancement programme is very important to ensure the welfare of the people is guaranteed. Among quality and comfort enhancement programmed were carried out is lift replacement, renovation unit (1 & 2 rooms to 3 rooms), building painting, integrated computer monitoring system, tiles installation in lobby lift area, spiral waste bin equipment, grill installation and much more.

DATA COLLECTION AND ANALYSIS

The study has conducted a field survey on 3 type public housing schemes in Zone 1, Bandar Tun Razak- Cheras. The three public housing schemes are Sri Kota, Sri Melaka and Public Housing Program (PHP) scheme in Taman Mulia. A total of 132 questionnaires were administered and collected. These public housing schemes are located in two different areas in Bandar Tun Razak and Cheras. From the survey done, 72% of the respondents

were from Bandar Tun Razak covering the area of Sri Kota and PHP Taman Mulia and the balance 28% more were from Cheras covering the area of Sri Melaka.

HOUSEHOLD CHARACTERISTICS

Almost all the house owners are Malays (79.5%) with some Indian, Chinese and others race. Majority (30.3%) of the respondents were in the middle-age of 40-49 years old. As for their educational background, 47.7% of them completed upper secondary school examinations, while completed with lower secondary school (12.9%), university (4.5%) and college/ITM (1.5%). As for the household size, the average number was 4 persons. The economic background of the resident that meet the criteria need to apply for this public housing scheme must with an average monthly income between RM1,001 to RM1,500 per household. Most of the residents or 44.7 percent of them were "self-employed" and others working in private sector, public sector and statutory body. A significant number of them were retiree.

HOUSE OWNERSHIP

Majority of the residents (50%) are from rented public housing schemes while 45% are from sold public housing schemes and 34.1% are from Public Housing Program. Both rented and sold public housing schemes were built on 1980's. The Public Housing Program schemes were relatively new as it was developed less than 8 years ago. The rented public housing scheme and Public Housing Program schemes are located in Bandar Tun Razak. While the sold public housing scheme is located in Cheras.

There are two ways to apply for the public housing schemes. Majority of the residents (50%) are using manual registration to apply the public housing. In this case, most of them are from rented and sold public housing schemes. The PHP scheme

residents are mostly those who moved from squatter areas (59%). There also houses allocation for CHKL staff which is 3% of the residents. Another way is an open registration for any lower-income group in urban area with certain terms and conditions.

RESIDENTIAL COMFORT WITH PHYSICAL CRITERIA

In this section, comfort with physical criteria is discussed based on the level of comfort of the residents. In general, comfort level with physical criteria is considered neutral. Neutral means the residents are unable to express their feeling toward comfort level in their house. Sometime they feel comfort but sometime they feel less comfort. Figure 1 show that neutral feeling by the residents is more slopping towards less comfort level rather than comfort level. Actually, residents feel less comfort on the condition of their house but then the factor of duration influenced them to adapt the condition into their daily live and make it neutral.

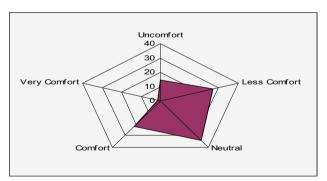


Figure 4.1: Level of comfort on physical criteria

Table 4.1, shows the level of residents comfort by the elements in physical criteria. From the table, the neutral feeling are towards the living area, house area and bathroom size. Residents feel comfort and very comfort towards elements of accommodation,

numbers of socket, water pressure and electrical wiring. There are also elements that give less comfort level to the residents such as refuse chamber system, lobby area and kitchen area. Clothes-line facilities, ladder and lift and parking are creating uncomforted level of residents feeling.

Table 4.1: Level of Comfort by physical element

Comfort Element	Min Score	Level of Comfort
Electrical Wiring	3.25	W. C. C.
Water Pressure	3.14	Very Comfort
No. Of Socket	3.02	
Accommodation	2.84	Comfort
Living Area	2.83	NI (1
House Area	2.72	Neutral
Bath/WC area	2.68	
Refuse Chamber System	2.63	
Lobby Area	2.58	Less Comfort
Kitchen Area	2.52	
No. Of Room	2.52	
Clothes-line facilities	2.33	II C . 1
Ladder and Lift	2.30	Uncomforted
Parking Area	2.23	

RESIDENTIAL COMFORT WITH ENVIRONMENTAL CRITERIA

Environmental criteria are divided into three part namely public facilities, basic facilities and others environmental criteria. Generally, the residents expressed that they are very comfortable with most of the public facilities, such as religion facilities, public transport, shops, bus way, public market, preschool, post facilities, school, palm station, clinic, police station, children playground and

community hall. However, residents expressed their less comfort with handicapped facilities. The mean score was relatively low compared to other elements. This is because, in Malaysia, facilities for the handicapped been the new scenario in building development. This is because most of the buildings with the age of over 20 years seem neglected the possibility of providing these facilities in the existing building (Table 2).

Table 4.2: Level of Comfort by environmental element in public facilities

Comfort Element	Min Score	Level of Comfort
Religion	3.79	
Public Transportation	3.78	
Shop	3.64	
Bus route	3.62	
Market	3.59	
Pre-school	3.56	Very comfortable
Post Office	3.46	
School	3.45	
Petrol station	3.42	
Clinic	3.4	
Police Station	3.4	
Playground	3.39	
Community Hall	3.3	Comfortable
Handicapped facilities	2.51	Less Comfortable

Table 4.3, shows basic facilities services provided by KLCH include electrical supply, water supply, road services, lighting, landscape, drainages and telephone network. Generally, most of these elements are in very comfort and comfort level. Residents are satisfied with the services provided.

Table 4.3: Level of Comfort by environmental element in basic facilities

Comfort Element	Min Score	Level of Comfort
Electric Supply	3.61	Varia a sur Cont
Water Supply	3.61	Very comfort
Road Facilities	3.42	
Lighting	3.31	
Landscape	3.22	Comfort
Drainage	3.17	
Telephone Network	3.02	

Table 4.4: Level of Comfort by environmental element in others environmental factor

Comfort Element	Min Score	Level of Comfort
Unity of Race	3.25	
Neighbourhood Relationship	3.2	
Society activity	3.12	Comfort
Resident Club	3.07	
Resident Density	3.02	
Smoke Pollution	2.36	Less Comfort
Smell Pollution	2.05	
Noisy	1.98	
Crime Rate	1.64	Uncomforted

Table 4.4; indicate the third part of environmental element was others. This comprises the element of the unity of races, neighbourhood relationship, society activity, resident club, resident density, smoke pollution, smell pollution, noisy and crime rate. From the table showed below, residents have no problem regarding

the unity of races, neighbourhood relationship, society activity, resident club and residents' density. They are comfort with the element. However, residents are uncomforted with the others element especially with crime rate in their housing area.

FUTURE PROSPECT

Despite of having several elements which are uncomforted to the public housing residents, most of them (54%) said that they are more comfort after moving to the public housing provided and managed by the KLCH. Most of them prefer to live in these public housing schemes. KLCH from time to time is trying its best to upgrade the quality and increase the comfort level among public housing residents. This effort is being realized by the residents. Majority (91%) says that KLCH have played its role in providing quality public housing to the residents. 77% of residents from rented public housing and PHP scheme want to buy the public housing if KLCH offered the house to them. This shows, in general they are comfort with the public housing developed and managed by KLCH from the both elements.

CONCLUSION AND RECOMMENDATIONS

As a conclusion, the residents were generally felt neutral with physical elements and comfort with the environmental elements for the public housing schemes managed by KLCH as the local authority in Kuala Lumpur. These two elements are being analyst to determine the KLCH performance in providing quality housing for lower income group in urban area. From analysis, the KLCH performance was moderate in providing quality housing on physical element because the residents felt neutral towards those elements. This analysis also found that the neutral feeling is sloping more towards the less comfort level. This showed that KLCH had failed to provide quality physical housing need for the

lower-income group in urban area. This is because; two of the public housing schemes were built before the objective of providing quality housing in Seventh Malaysian Plan was developed. KLCH only succeed in providing adequate housing for the lower income group in urban area shown by the decreasing of squatters in Kuala Lumpur.

Even though KLCH failed to provide the quality physical need, it is excellent in providing quality environmental need to the residents. Residents felt very comfortable with the public and basic facilities provided by KLCH. They also comfort with other environmental element such as unity of races, neighbourhood relationship, society activity, resident club, and resident density.

KLCH tried to do its best in upgrading physical quality of public housing schemes to the residents. Every year a lot of fund is allocated to fulfill the residents need, especially to increase their comfort level of living. By the time of this study been carried out, many quality development plan programs and goals to provide an adequate, quality and affordable homes for lower income were in progress. This shows that KLCH has a continuous effort in achieving the Malaysian urban area population with affordable and comfortable living.

As for a recommendation, KLCH should design the new public housing schemes which considered the residents comfort in such element that are given uncomfortably to them. There are several elements in old public housing schemes (more than 20 years) is uncomforted but not to the new one and opposite. KLCH could integrate the design to achieve maximum comfort on the physical elements. KLCH must also be always reviewing the performance of the program to ensure that the goals are achieved. This review can then identify resident real problems and opportunities in order to achieve the targeted goals.

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SATISFACTORY LEVEL ON CIVIL SERVANT HOUSING

Pushpa a/p Packiam Rosadah bt Mahamud

INTRODUCTION

Provision of civil servant housing in Malaysia is an important program. The government's commitment towards the provision of civil servant housing is very important to provide adequate housing facilities especially for the lower income groups among the servants. Besides providing adequate housing, the consideration must be given for the occupier's comfortableness and satisfaction towards their living. The successful of a housing program does not depend merely on the provision of housing units but also on the other factors that affect the needs of residents. The measurement on residential satisfaction level provide additional insights regarding individuals' experience with housing can be used to evaluate the successful of a housing program and form the basis of demands for public action. Thus, an understanding of the factors that facilitated satisfied or dissatisfied response can play a critical part in making housing policies. Knowledge about the factors that formulated residential satisfaction level is therefore critical for a successful housing program.

The purpose of this paper is to investigate the level of resident satisfaction in civil servant housing in Malaysia using police quarters as the case study. The Petaling Jaya Police District Head Quarter, Selangor personnel quarters had been chosen as the case study. The main problems that faced by Royal Malaysian Police is

housing scarcity and the housing condition is not satisfied. Besides that, the size or built-up areas of the police quarters are small to accommodate a big household. Hence, the purpose of this paper is to identify the occupier's satisfaction level on the housing condition and environment aspects and also the amenities that are needed by the occupiers from their own perception.

The results help in understanding the level of satisfaction of civil servant quarters toward their housing characteristics and environments. The results also can be used as a guideline in the development of civil servant quarters especially for police personnel housing.

CONCEPT OF RESIDENTIAL SATISFACTION

Residential satisfaction level has been a major research topic in various disciplines for decades. This topic is popular because of twofold. Firstly the resident satisfaction is recognized as an important component of individual's general quality of life and secondly housing is the largest consumption item for most people. Resident satisfaction is not only an important component of individuals' quality of life but also determines the way they respond to residential environment (Lu, 1999).

Theories on residential satisfaction are based on the notion that residential satisfaction measures the differences between households' actual and desired housing and neighborhood situations (Galster and Hesser, 1981). Household are postulated to make judgments about residential conditions based on their needs and aspirations. Satisfaction with one's residential situation indicates the absence of complaints and the high degree congruence between actual housing and desired situations. On the other hand, incongruence between their actual housing or neighborhood and needed conditions may lead to dissatisfaction.

The changing of housing needs and aspirations as households progress through different life stages often place the households out of conformity with their housing and neighbourhood situations (Rossi, 1955). Thus, the 'miss matching' between their current and desired housing needs creates dissatisfaction with their current resident. Morris and Winter (1978) introduced the notion of "housing deficit" to conceptualize residential satisfaction. In their housing adjustments model, they theorized that individuals judge their housing conditions according to normatively defined norms, including both cultural norms, which are dictated by societal standards or rules for life conditions, and family or personal norms, which amount to households' own standard for housing. The two types of norms may not always coincide. If a household's current situations meet the norms, the household is likely to express a high level of satisfaction with the housing and neighbourhood. An incongruity between the actual housing situation and the cultural or familial housing norms result in a housing deficit, which in turn gives rise to residential dissatisfaction. Households with a housing deficit who are hence dissatisfied are likely to consider some form of housing adjustment.

DETERMINANTS OF RESIDENTIAL SATISFACTION

Generally, empirical studies in residential satisfaction can be divided into two distinct approaches (Amerigo & Aragoneous, 1990). Firstly, the study in which residential satisfaction is considered as a criterion of residential quality. The objectives of this paper is to establish which factors determine the degree in which the occupant is satisfied and secondly to consider residential satisfaction not as a criterion but as a predictor of behaviour. The focus in most empirical analyses of residential satisfaction is to establish the effects of various housing, neighborhood, and residential characteristics on residential satisfaction (Lu,1999; Galster 1987; Galster and Hesser1981). Onibokun (1974); D.Ramdane (2000) state that the habitability of a house is influenced not only by the engineering elements, but also by social, behavioral, cultural and other elements in the entire societal environmental system. Onibokun concluded that the house is the

only link in a chain of factors which determine people's relative satisfaction with their accommodation. However, according Francescato (1978), D wira N.Aulia (2006) residential satisfaction study normally focuses more on the occupants' attitude and formed housing condition and the surrounding to the indicator environment. A number of studies have analyzed the correlates of observed residential for specific population groups defined by socio-demographic characteristics such as public housing residents in Abuja (Ukoha and Beamish.1997), council housing residents in Spain (Amerigo and Aragones 1990), public low cost housing in Malaysia (Husna and Nurizan, 1987), private low cost residents in Malaysia (Ghani, 2006).

The studies on residential satisfaction in Malaysia (Husna and Nurizan,1987; Ghani 2006) have analyzed residential satisfaction based on three main components variables: dwelling units, housing services and neighbourhood facilities. A study by Husna and Nurizan (1987) indicates that the residents of low cost flats provided by Kuala Lumpur City Hall were generally satisfied with their housing conditions and environments. The finding of the study by Ghani (2006) indicates that the levels of satisfaction in private low cost housing are generally higher with dwelling units and services provided by the developers that neighbourhood facilities and environment.

Overall empirical studies have identified a number of important determinants of residential satisfaction, such as socio-demographic characteristics, housing characteristics, housing services and neighbourhood facilities (environment factors). Thus, it clearly shows that occupiers have a close relationship towards the satisfaction with the housing that been occupied and also its surrounding.

METHODOLOGY

The study was carried out using questionnaire distribution to the two different categories of respondent which is the first group is Sergeant, Sergeant Major and Sub Inspector or Senior Non Commissioning Office (SNCO) the second group is Corporal, Lance Corporal and Constable or Non Commissioning Officer (NCO). Total of the 82 respondents have been selected randomly to analyze their level of satisfaction. Statistical Package for Science Social (SPSS) is a tool of method that been used to analyze the data. Frequency analysis and Cross-tabulation analysis have been used in analyzing the questionnaire to achieve objective of these study. Analysis frequency method have been used to get know the satisfaction level towards the housing physical and environment of Senior Non Commissioning Officer occupiers and Non Commissioning Officer occupiers. This is because the house that been provided for them was based on their ranks, so the satisfaction level toward physical aspect also will be different. Besides that, this method also has been used to defining amenities that need by the occupiers from their own perception. However, Cross-tabulation analysis is used to know the relationship between the household size and the satisfaction level towards their housing conditions

FINDINGS

The overall findings of this paper are summarized as follows:-

- (1) Occupier's Satisfaction towards the physical and environment aspects
- a) Occupier's satisfaction towards the physical aspects
- Table 5.1 shows that the majority satisfaction level for the Sergeant, Sergeant Major, and Sub Inspector occupiers are at the very satisfied level to the housing broadness, main bedroom size, total of washroom, and also total of bedroom. As for the housing design, kitchen size, interior design,

housing quality and housing neatness are at satisfied level. These categories of occupiers state very satisfied and satisfied towards their physical aspects even though they have big household size since the provision of their house is comfortable and broad.

- However, satisfaction level towards the housing physical aspects for majority Corporal, Lance Corporal and Constable occupiers are at the less satisfied level towards their housing broadness, housing design, main bedroom size, kitchen size and interior design. Then, for the total of washroom, housing quality and housing neatness at the moderate satisfied. Lastly, for the item total of bedroom are at not satisfied since most of them have big household size.
- b) Occupier's satisfaction towards the environment aspects
- From Table 5.2 findings towards the housing environment aspects shows that majority satisfaction level of these two grades of respondent are at same level. Majority of them from both grade are at satisfied level toward the basic amenities, prayers amenities, neighborhood, safety, and also to nearest the town centre and school. However, for the garbage collection service at moderate satisfied level. Then, for the shopping amenities and car parking amenities are at less satisfied level. Lastly, for the children playground are at not satisfied level.
- However the septic tank location they have different satisfaction level which is majority of the Sergeant, Sergeant Major and Sub Inspector feel moderately satisfied. As for the Corporal, Lance Corporal and Constable feel not satisfied. This is because their blocks are located nearest to the septic tank.

(2) Amenities needed by the occupiers on housing physical and environment aspects.

Table 5.3 shows the amenities that are needed by occupiers where the majority has the opinion that they need one parking lot for each unit house. Besides that, majority of the Non Commissioning Officer wanted additional bedrooms from two

bedrooms to three bedrooms since most of them had big household. However, all the Senior Non Commissioning Officer said that they do not need any additional bedroom. As for the size of the kitchen, the opinion from both ranks said that they need additional half of the size of the actual size of kitchen. Lastly, both of the ranks feel that they need children playground in the quarters and garbage collection service twice a week.

Table 5.1: Analysis on the occupiers' satisfaction level toward the housing condition

				Satisfaction Level	Level		
Physical aspect	Respondent	Very Not Satisfied	Less Satisfied	Moderate Satisfied	Satisfied	Very Satisfied	ІвзоТ
	Sgt,SM and SI	(%0) 0	(%0) 0	(%0) 0	4 (28.6%)	10 (71.4%)	14 (100%)
Housing Broadness	CPL,L/CpL and Const.	3 (4.4%)	58 (85.3%)	7 (10.3%)	0 (0%)	(%0) 0	68 (100%)
	Sgt, SM and SI	(%0) 0	(%0) 0	(%0) 0	13 (92.9%)	1 (7.1%)	14 (100%)
Housing Design	Cpl,L/Cpl and Const.	(%0) 0	32 (47.1%)	23 (33.8%)	13 (19.1%)	(%0) 0	(100%)
	Sgt, SM and SI	0 (0%)	(%0) 0	(%0) 0	5 (35.7%)	9 (64.3%)	14 (100%)
Main Bedroom Size	Cpl,L/Cpl and Const.	6 (8.8%)	50 (73.5%)	12 (17.6%)	(%0) 0	(%0) 0	(%001) 89
	Sgt, SM and SI	(%0) 0	(%0) 0	(%0) 0	10 (71.4%)	4 (28.6%)	14 (100%)
Kitchen Size	Cpl,L/Cpl and Const	12 (17.6%)	45 (66.2%)	11 (16.2%)	(%0) 0	(%0) 0	(8 (100%)
	Sgt, SM and SI	0 (0%)	(%0) 0	(%0) 0	6 (42.9%)	8 (57.1%)	14 (100%)
Living Hall Size	Cpl,L/Cpl and Const	8 (11.8%)	48 (70.6%)	12 (17.6%)	(%0) 0	(%0) 0	(8 (100%)
Interior Design	Sgt, SM and SI	0 (0%)	0 (0%)	0 (0%)	10 (71.4%)	4 (28.6%)	14 (100%)

Satisfactory Level on Civil S&3 ant Housing

	Cpl,L/Cpl and	(%0) 0	38	24	(%8.8%)	(%0) 0	(%001)
	Set. SM and SI	(%0) 0	(%0)0	(%0)()	5 (35.7%)	9 (64.3%)	14 (100%)
Nos. of Bedroom	Cpl,L/Cpl and	09	(%0) 0	8 (11.8%)	(%0) 0	0 (0%)	(8 (100%)
	Sgt, SM and SI	(88.2%)	(%0) 0	(%0) 0	4 (28.6%)	10 (71.4%)	14 (100%)
Nos. of Washroom	Cpl,L/Cpl and Const	3 (4.4%)	20 (29.4%)	45 (66.2%)	0 (0%)	0(0%)	(%001)
	Sgt, SM and SI	(%0) 0	(%0) 0	(%0) 0	14 (100%)	(%0) 0	14 (100%)
Quality of Housing	Cpl,L/Cpl and Const.	4 (5.9%)	23 (33.8%)	36 (52.9%)	5 (7.4%)	(%0) 0	(%001) 89
Housing Neatness	Sgt, SM and SI	(%0) 0	(%0) 0	(%0) 0	11 (78.6%)	3 (21.4%)	14 (100%)
	Cpl,L/Cpl and	1 (1.5%)	22	40	5 (7.4%)	(%0) 0	(100%)
	Const.		(32.4%)	(58.8%)			

Source: Questionnaire Survey 200

Table 5.2: Analysis on occupiers' satisfaction level towards the housing environment aspects.

Total		14 (100.0%)	68 (100.0%)	14 (100.0%)	68 (100.0%)
	Very Satisfied	5 (35.7%)	2 (2.9%)	(%0) 0	(%0) 0
Level	Satisfied	6 (42.9%)	34 (50.0%)	2 (14.3%)	10 (14.7%) 0 (0%)
Satisfaction Level	Moderat e Satisfied	2 (14.3%)	26 (38.2%)	2 (14.3%)	30 19 (27.9%)
	Less Satisfied	1 (7.1%)	4 (5.9%)	10 (71.4%	30 (44.1%
	Very Not Satisfied	(%0) 0	2 (2.9%)	(%0) 0	9 (13.2%)
Respondent grade		Sgt, SM and SI	KPL,L/KPL and Konstable	Sgt, SM and SI	Cpl,L/Cpl and Konstable
Environment aspect		Basic Amenities		Car Parking facilities	

Satisfactory Level on Civil S&5ant Housing

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$\begin{bmatrix} 3\xi', 5\forall i \text{ and } 5i \end{bmatrix} + (7:1.79) + (7:1.2.79) \end{bmatrix}$	Garbage collection	Sgt, SM and SI	1 (7.1%)	4	7	2 (14.3%)	(%0) 0	14

Service			(28.6%	(28.6% (50.0%)			(100.0%)
	Cpl,L/Cpl and Const.	5 (7.4%)	10 (14.7%	10 43 (14.7% (63.2%)	10 (14.7%) 0 (0%)	(%0) 0	68 (100.0%)
Neighborhood	Sgt, SM and SI 0 (0%)	(%0) 0	(%0) 0	3 (21.4%)	10 (71.4%) 1 (7.1%)		14 (100.0%)
	Cpl,L/Cpl and Const.	(%0) 0	3 (4.4%)	4 (5.9%)	55 (80.9%)	(8.8%)	68 (100.0%)
Safety	Sgt, SM and SI 0 (0%)	(%0) 0	1 (7.1%)	(%0) 0	11 (78.6%) 2 (14.3%)		14 (100.0%)
	Cpl,L/Cpl and Const.	(%0) 0	7 (10.3%	7 26 (10.3% (28.2%)	31 (45.6%) 4 (5.9%)	4 (5.9%)	68 (100.0%)
Location of septic tank	Sgt, SM and SI 0 (0%)	(%0) 0	(14.3%	2 8 (14.3% (57.1%)	4 (28.6%)	(%0) 0	14 (100.0%)

Source: Questionnaire Survey 2008

Table 5.3: Analysis of amenities needed by occupier

Satisfactory Level on Civil S&Yant Housing

		Grade Sgt, SM and SI	M and SI	Grade Cpl, I	Grade Cpl, L/Cpl and Constable
		Frequency	Percentage (%)	Frequency	Percentage (%)
;		10	71.4	48	9.07
Additional Car	each unit house				
Parking	Car parking for	3	21.4	20	29.4
	together uses				
	Car parking by	1	7.1	0	0
	occupiers grade				
	Total	14	100.0	89	100.0
	2 Bedroom	0	0	2	2.9
Additional	3 Bedroom	14	100.0	99	97.1
Bedroom	Total	14	100.0	89	100.0
	½ of the actual	3	21.4	43	63.2
	size				
Bigger Main	Double the	2	14.3	15	22.1
Bedroom Size	actual size				
	No addition	6	64.3	10	14.7
	needed				
	Total	14	100.0	89	100.0
	½ of the actual	2	14.3	34	50.0
	size				

Sustaining Housing Market and Development

Bigger Living Double the Hall Size actual size		7.1	29	42.6
No addition	11	78.6	S	7.4
Total	14	100.0	89	100.0
½ of the actual	7	50.0	44	64.7
size				
Double the	3	21.4	22	32.4
actual size				
No addition	4	28.6	2	2.9
needed				
Total	14	100.0	89	100.0
Build in quarters	14	100.0	51	75.0
area				
Build near the	0	0	11	25.0
quarters				
No playground	0	0	0	0
needed				
Total	14	100.0	89	100.0
Once a week	1	7.1	15	22.1
Twice a week	10	71.4	42	61.8
3 times a week	3	21.4	11	16.2
Total	14	100.0	89	100.0

CONCLUSION

As a conclusion, the Sergeant, Sergeant Major and Sub Inspector occupier's have a better satisfaction level than the Corporal, Lance Corporal and Constable occupier's towards the physical aspects. The first group of respondents comprised of SNCO stated that they are very satisfied and satisfied towards their physical aspects even though they have big household size since the provision of their house is comfortable and broad. The second group of respondents comprising the NCO is generally not satisfied with their housing conditions.

However, for the environment aspects both of the groups of respondents have the same satisfaction level. The findings indicate the satisfaction level correlates to household characteristics. Higher ranks of respondents are generally satisfied with their housing condition and environment as compared to the lower ranks. Thus this study reveals that that housing conditions and environment aspects are the main elements in housing satisfactions. So, it needs to be considered by the policy makers in developing civil servant housing especially for the lower ranks occupier. Besides providing adequate housing units, consideration must be given for the occupier's comfortableness and satisfaction towards their housing even though for lower grade occupiers. The successful housing programs do not depend merely in providing housing units but also on the factors that affect the residents' needs. The problems of housing needs will affects their quality of life and thus decreasing their productivity of work.

Generally, knowledge about the factors that determined residential satisfaction is therefore critical in providing housing. The suitability of housing conditions, the availability of housing services and neighbourhoods facilities are the important factors to be considered in providing housing facilities for civil servants and also the essential factors for a successful housing program.

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GATED COMMUNITIES IN JOHOR BAHRU TENGAH

Asiah Othman Wong Chew Hua

INTRODUCTION

One of the characteristics of the residential development nowadays is the concept of gated communities. Most of the home buyers prefer to reside behind the gates or fences that are not only surrounding their house compound but also the whole of the residential area, including the playground, facilities, sidewalks and roads.

Since 1990s gated communities have experienced phenomenal growth in Malaysia, especially in the metropolitan areas of Kuala Lumpur. It was initially being introduced in condominium and was then adopted in landed properties. Hence, in Malaysia, the concept of gated communities can be applied to both the landed properties and the high-rise. Landed gated communities comprise of bungalows, semi-detached and terraced houses, while the high-rise includes condominiums, apartments and flats. Two pioneers of landed properties which have been gated are Country Heights in Kajang and Sierramas in Sungai Buloh. While in Johor Bahru some of the landed gated community's development are Sutera Utama, Sri Pulai Perdana, Setia Indah, Bukit Indah.

There is a growing trend in the development of gated communities in our country. Even though it is still a new concept to landed properties, the public seem to accept the idea overwhelmingly and more and more developers are beginning to adopt this type of housing development. What has this new concept got to offer and why do the public could easily be attracted?

OBJECTIVES OF STUDY

Two objectives of this study are:

- i. To study the factors contributing to the development of gated communities.
- ii. To examine the suitability of gated communities with special reference to the social impact of gated communities.

SCOPE OF STUDY

The study will emphasise on the concept of gated communities that is applicable only to landed types of properties. This means that the study does not include high-rise development such as the condominium even though it applies the concept of gated community. The reason being gated communities is still new in comparison with the high-rise/ condominium development. Furthermore, at present it is noted that there is an increasing number of gated communities especially in areas within the administration of Majlis Perbandaran Johor Baru Tengah (MPJBT).

DEFINING GATED COMMUNITIES

According to Clarke (2004), gated community is the concept of gating and fencing a group of dwellings into a single compound for the purpose of mutual security and for the increased enjoyment by residents and sharing the common areas such as driveways, open space and amenities. Theoretically, gated development provides an

image of security, safety and privacy. Besides that, Bernard Tan (2003) suggests that there are qualitative benefits accruing to gated communities that may not be experience in condominiums. These benefits contribute towards a better and more harmonious living environment for the residents.

Briefly speaking gated communities comprised of a willing group of people who live together by sharing the same amenities and facilities provided in a residential scheme built by the developer, with the use gates as their barrier and enclosure that can ensure security and privacy to the residents.

The concept of gated communities and its definition can be looked from various perspectives, from the developers' viewpoint, the town planners, the builders as well as the sociologists.

TYPES OF GATED COMMUNITIES

There are three types or characteristic of gated communities distinguished by Blakely and Snyder, (1997) i.e. life style community, prestige community, and security zone community.

Lifestyle community provides leisure amenities such as golf courses, clubhouse, commodious spaces, and outstanding facilities. The whole design and purpose of this community is to provide a lifestyle and recreation-oriented. Locally, we call this as the "resort-living" development. Examples for this type of community are Sierramas, Sunway Rahman Putra, Bukit Gita Bayu in Selangor, Leisure Farm, and Pulai Spring in Johor Bahru.

Prestige community is the homes of the rich or the "elite community". The recreational facilities may not be as exclusive as the Lifestyle communities, but the walls and gates are still a symbol of economic and social status of the inhabitants. Most of houses are more expensive than the conventional landed properties and for that reason these type of gated communities are meant for the upper class people or the high-income group. For instances, Desa Park City, Aman Kiara in Selangor and Sutera Utama, Sri

Pulai Perdana, Austein Height in Johor Bahru are categorised as the prestige community.

Security-zone communities, however, consider the barriers as protecting their personal security against crime. This concept has long been exercised where the residents built their own fences to their previously open communities. The gates and fences are their barriers to protect themselves from crimes. The foremost factor that attracts the house buyer to purchase this type of gated community is defensive fortification against crime and outsiders. These fortifications and barriers are intended to protect their personal security against crime (Aalbers, 2003). Tanah Sutera in Johor Bahru is a good example where they make use of shrubbery as the obstacles to control accessibility as well as ordinary fences as the barrier to protect from the trespassers.

CURRENT LEGISLATION GOVERNING GATED DEVELOPMENT IN MALAYSIA

In Malaysia, there is yet any legislation for the gated communities. However the developers can fill this gap in regulation by using covenants between developer, purchaser or the local authority, which under certain circumstances would allow the developer to maintain some facilities and be "gated". However, the fences and the guardhouses may act as a deterrent to intruders but access to the public roads and open spaces within the project cannot be legally denied to any member of the public (Clarke, 2004). Legally it has been argued that outsiders can still demand access into the development (Cheah, 2004). It is because under the individual separate title of landed properties, the common area has to be handed over to the local authority concerned.

There is also no legislation yet for the local authorities to referred to and guide them in handling the new concept of development such as the gated communities Hence, the local authorities used their own discretion and interpretation in dealing with these kind of projects (Singh, 2004). Despite of this

limitation, gated communities had already been accepted and had been recognised. Thus, there should be a move forward towards new legislation that can validate and regulate its creation for the enjoyment and benefit of all Malaysian.

FACTORS CONTRIBUTING TO THE CONTRIBUTING TO THE DEVELOPMENT OF GATED COMMUNITIES

Theoretically, gated development provides an image of security, safety and privacy (Morshidi Sirat, 2004). According to Morshidi Sirat (2004), the factors motivating public to reside behind the gates are:

- i. awareness of having a better security in their residential area,
- ii. more privacy,
- iii. better control and maintenance of the built environment,
- iv. exclusivity of gated communities for an improved quality lifestyle, and
- v. Closer relationship within gated residents.

Based on these factors, this paper attempts to find out what is the main factor for one to reside behind the gates, taking a few gated community projects within the area of Johor Bahru Tengah.

NEGATIVE SOCIAL IMPACT

Despite the increasing number of gated communities, there has been a widespread debate about the likely future negative social impact on social life in gated neighbourhood and also their surrounding neighbourhoods. Gated communities have generated the trend of social fragmentation, diminished solidarity within society and, inhibiting the construction of social networks that form the basis of social activities. This is because the gates have

restricted the access of outsiders, reduced the opportunities of connection between the gated and open community residents.

Besides, gated communities has also increased the privilege for the affluent group and caused the social segregation between poor and rich become obvious (Manzi and Bowers, 2003). As mentioned by Morshidi Sirat, gated communities will make social and physical planning in cities even more difficult as even without gated communities our cities have already been characterised by socio-spatial segregation and division. It has been argued that gated communities are the way of the rich people to keep a distance from the lower class people. The barriers have created a social division and widened the gap between the rich and the poor.

Hence, it is one of the objectives of this study to identify the suitability of gated communities in Malaysia with special reference to the negative social impact brought by gated communities. The study however is only confined to the administrative area of MPJBT, which is selected as the study area.

METHODOLOGY

The study adopts a qualitative approach as it tries to explain the contributing factors that make the residents to reside in gated communities and to look into its social impact. The descriptive analysis explains the perception of the respondent towards the concept of gated communities. With regard to data collection, several methods have been adopted. These include the collection of advertising pamphlets, carrying out of inquiries in MAPEX, the distribution of close-ended questionnaire to developers, and interviews with some of the developers of gated community projects. In addition, the writer also distributed questionnaires to the residents living within the gated community and also the residents who are living around of the gated community.

FACTORS CONTRIBUTING TO THE DEVELOPMENT OF GATED COMMUNITIES IN JOHOR BAHRU TENGAH

Based on the analysis of the questionnaires distributed among the residents in gated communities, it shows that security is considered the main contributing factor for the development of gated community in the case study area. The issue of security was brought up by virtually most of the gated respondents. Figure 6.1 illustrates that 81.82 percent of respondents agreed (54.55 percent strongly agreed and 27.27 percent agreed) that gated communities could provide the element of security and a safe environment for them and their family. Only 18.18 percent of respondents were neutral and none of them disagreed to this matter. However, the 54.55 percent of respondents agreed strongly has become relatively the highest percentage compared with the other factors.

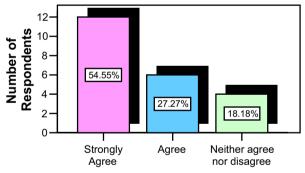


Figure 6.1: Security

The security provided by gated communities has met the objective of house buyers to live in a safe and secured environment due to the increasing crime rate. According to one of the gated respondent,

"living in gated community is very safe and secure and have peace of mind rather than stressed by having constant fear of burglary or crime".

They consider buying houses in gated communities a value for their hard-earned money as it provides a safe environment for one's children and family.

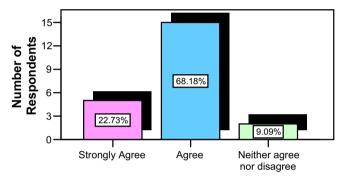


Figure 6.2: Privacy

As illustrates by Figure 6.2 there was an overwhelming majority of gated respondents who agreed that gated community provides privacy to them (68.18 percent). Another 22.73 percent of them strongly agreed. When the two figures are joined, over 90.91 percent of the respondents consider privacy could be the reason for buying the gated communities. This will make it higher than the security, but since security was strongly demanded as 54.55 per cent are strongly agreed, privacy was categorised as a second contributing factor. In this analysis, none of them disagreed. It shows that majority of the respondents believe that gated communities could preserve their privacy through the gates, walls and guards.

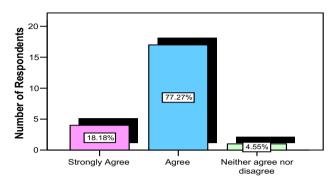


Figure 6.3: Better control and maintenance of built environment

Better control and maintenance of built environment was considered as one of the factor that influences the respondents in making their decision in buying a unit of gated community. Fig. 3 shows that 18.18 percent of them agreed strongly and 77.27 agreed to this benefit. When the two figures of "strongly agree" and "agree" totalled, it shows a percentage of 95.45 percent and thus making this factor ie. better control and maintenance of built environment as the strongest factor compared to the others.

According to developer (Tanah Sutera), the environment in the gated community is monitored by Homeowner Association and developer. Whenever there is any damage to common property, the Homeowner Association will report to the developer and developer will inform the local authority to repair it as soon as possible. Unlike the non-gated communities where there is no particular body or party who will be responsible to make a report until the circumstances become worst. Owing to this monitoring of common property and built environment by gated communities, it has attributed to the third consideration for the house buyers. Besides, the restriction for public to pass by and use of common area also reduces the damage of the facilities caused by vandalism.

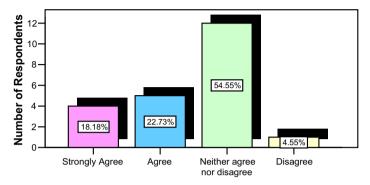


Figure 6.4: Exclusive Lifestyle

The second lowest reason is exclusive lifestyle provided by gated communities. Our country has undergone a rapid development and for that reason, the awareness of having a higher standard of quality living has become the main pursuit of today's house buyers. One of the symbols of high standard of quality living can be considered as an exclusive lifestyle provided by one community. This has been reflected in Figure 6.4 where 40.91 percent (strongly agreed 18.18 percent, agreed 22.73 percent) of the respondents agreed that exclusive lifestyle is one of the factors for them to move into gated communities. The reflection of 54.55 percent of respondents was neutral while only minority (4.55 percent) of them disagreed.

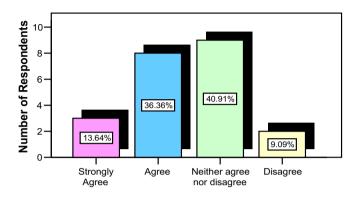


Figure 6.5: Closer Relationship

The lowest among all is the tendency for closer relationship, yet it plays important role, as it is still one of the factors that make gated communities popular among house buyers. Closer relationship among the neighbourhood residents has motivated 13.64 percent of them agreed strongly, 36.36 percent agreed to this matter. However, 9.09 disagreed that gated communities can contribute to a closer relationship (please refer to Figure 6.5). This is the highest percentage of disagree compared to the other factors.

Based on the analysis of the five factors contributing to the development of gated communities, it can be seen that security element plays an important factor. Table 6.1 illustrates the overall results based on the percentage of "strongly agreed".

No.	Factors	Percentages for strongly agreed
1	Security	54.55
2	Privacy	22.73
3	Better control and maintenance	18.18
4	Exclusive lifestyle	18.18
5	Closer relationship	13.64

Table 6.1: Contributing factors for choosing gated communities among the residents

54.55 percent of the respondents strongly agreed and consider safety or security element as the most important factor that attracts them to reside in gated communities. Living within the enclosure gives some sense of security as compared to living in areas without any barriers. Compared to the exclusive lifestyle, closer relationship, privacy and better control and maintenance of built environment, the advantage of security has been considered as the highest factor. Based on the findings residents of gated communities in the case study area are looking for security. This can be further supported by the fact Johor Bahru is one of the areas where the crime rate is considerably high.

Besides security, gated community development has its strength in providing more privacy to the residents. The study shows that privacy has been considered as the second most important contributing factor, followed by better control and maintenance of built environment. Meanwhile element of closer relationship has been considered as the last contributing factor that attracts one to stay in gated community. Unlike the non-gated community, the style of neighbourhood living in gated community does not reflect any needs of closer relationship. For that reason, this factor is not given a priority by the respondents.

SUITABILITY OF GATED COMMUNITIES WITH SPECIAL REFERENCE TO ITS SOCIAL IMPACT

The concept of gated communities is based on putting a group of people (always elite group) in a place gated by perimeter fencing which gives the privilege to the rich people to exclude the other people from entering the communities. Through the exclusion, it has caused separation and segregation of the community. Hence, the respondents have been asked on the impact of segregation caused by the gated communities. It will be discussed below.

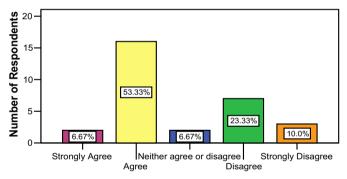


Figure 6.6: Segregation caused by gated communities

One of the significant negative social impacts of gated communities is the creation of a special community for the rich. In order to validate the statement the respondents comprised of residents outside the gated communities were asked about the segregation impact caused by the gated community development. Figure 6.6 illustrates more than half (60 percent: 6.67 percent strongly agreed and 53.33 percent agreed) of the non-gated respondents agreed with that point. They agreed that the gated communities has caused the society to segregate and has lost the sense of togetherness even among the local people. The impact of segregation is more significant in housing projects where the concept of gated community is applicable to a certain precinct

within the whole development. Nevertheless, 23.33 percent of the non-gated residents did not agree with the above statements and another 10 per cent were strongly disagreed.

The study also reveals that majority of gated respondents in this study area come from a higher income group. When the developers enclose these neighbourhoods by putting the walls or gates, it creates the perception that they protect a special group of affluent people. This could create a perception among the gated residents as being rich and there is a tendency that the developers are giving more attention and privileges, thereby excluding the poor.

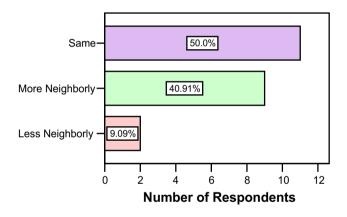


Figure 6.7: Comparison of relationship to other communities

Besides the segregation, gated communities have generated the trend of social fragmentation and less interaction and contact among the gated and open community residents. Sociologists have the opinion that the erection of walls and fences around a housing development could have the effect of deteriorating the sense of community in that area and increase the social distance. It is because the gates have restricted the access of outsiders, reduced the opportunities of interaction between the gated and open communities' residents. How far do the societies living in the

gated communities in the case study area felt the impact of social fragmentation caused by the gated community development?

In order to answer the above question, the gated respondents were asked to compare their relationship or interaction with the neighbourhood (those within the gated community) to the surrounding communities in the subject area. The analysis reveals that physical boundaries can enhance the mutual neighbourly relationship as 40.91 percent thought that their relationship with the neighbours within the gated community were more neighbourly than the other open communities (refer Figure 6.7).

A minority of the respondents (9.09 percent) felt that their level of community feeling was less than surrounding communities. However, 50 percent have the opinion that their social interaction and relationship is the same as that of open communities. Thus the social impact of fragmentation and less interactive is not a serious problem, as half of them thought that their relationship is the same as what has been experienced by the residents in the non-gated community.

The study also tries to look at the interest or the temptation of the public outside gated community to get into the area of the gated development. As shown in Table 6.2, the respondents have identified three main reasons that make them going into the gated communities. None of the respondent gets into the gated community without any intention or linkage with the residents in the gated community. In other words, the respondents seem to understand they their entry and the accessibility to the gated community are restricted.

Access restriction may also influences social networks. More than half of the open community respondents (53.3 percent) who stays nearby, never been into the gated neighbourhood and the reason reported was due to the fact they had no friends or relatives staying in gated community. They were not coming into the gated neighbourhood unless they knew someone in it. According to Kor, public is not strictly prohibited by gated community but they have to register at the entrance point. It is no doubt that the physical fencing has prevented them from making new friends and

discouraged social mobility. Gates, walls, and guards restricted the interaction among one another. Therefore, we can say that gated communities have caused less interaction. It is because once you do not have friends or relative living within gated communities, you are seldom to get into the gated area. From the reason they gave, none of them would enter the gated communities for the enjoyment of facilities.

Table 6.2: Reasons of respondents for entering into the gated communities

Get into Gated				
Communities	Reasons for entry			Total
		Visit	Visit	
	Feast	Friend	Relatives	
No	0	0	0	16
%	.0%	.0%	.0%	53.3%
Yes	1	12	1	14
%	3.3%	40.0%	3.3%	46.7%
Total number of respondents				30

However, there are respondents (46.7 percent) who have gone to the gated communities; their purpose was visiting friends, relatives and also to attend function such as feast. Among the 46.7 percent of respondents who have been to the gated community, 50 percent of them agreed that they feel uncomfortable and having difficulties in entering the gated neighbourhood because of the restriction imposed, such as the needs to make self-identification upon checking in at the guardhouse.

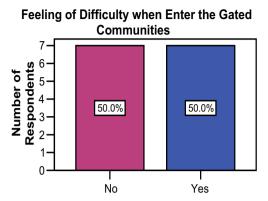


Figure 6.8: Difficulties to enter the gated community

Another 50 percent of the respondents said that they are not having problem entering the gated area as they considered it as procedural and this does not hinder them form getting into the area. Such inspection or restriction is normal and could be easily accepted. In other words, even though there are outsiders who felt uncomfortable to the entry restriction, but some of them do recognise such a restriction.

Finally the study looks at the suitability of gated community in the study area looking from various perspectives. Table 6.3 shows the perception of the three groups; developers, residents and the outsiders on whether or not gated communities are suitable to be implemented in Malaysia. All the developers (100 percent) perceived that the concept of gated communities is suitable for it brings financial benefits to them. This is because most of the developers said that their sale on gated community units and the response from buyers is good. Gated community has successfully gives some added value to their housing projects.

As far as the residents are concerned, 95.5 percent of them show a positive perception and consider the development of gated community as suitable and this has justified their decision of buying. Furthermore, as revealed from the previous analysis, the residents look for its security and the privacy benefits.

Respondents	Suitability of Gated Communities to be implemented in Malaysia		o Total
	No	Yes	
Developers	0	9	9
	0%	100.0%	100.0%
	1	21	22
Insiders (residents)	4.5%	95.5%	100.0%
	10	20	30
Outsiders (non- gated residents)	33.3%	66.7%	100.0%
Total	11	50	61
	18.0%	82.0%	100.0%

Table 6.3: Suitability of gated communities to be implemented in Malaysia

The study also looks at the perception of the non-gated residents who can be considered as an independent party since they do not have any interest or affected by the gated community development. However, surprisingly, they did not oppose the gated communities as 66.7 percent of them supported the implementation of gated communities. This group of respondents cited security as the main reason why gated communities are suitable to be implemented in Malaysia.

Nevertheless there is another group from the open communities' respondents who oppose (33.3 percent) the implementation of gated communities. One third or 33.3 per cent do not welcome this new concept of gated communities. They considered gated community as unsuitable because the gate hinders them from entering the area freely and acts as a main barrier to the neighbourhood in that area. They felt that it is difficult to approach those who are living inside. Furthermore, there are still fewer or less neighbourhoods with gated communities in the area as compared to open communities.

Overall of the analysis on the suitability of gated communities in Malaysia showed an encouraging response from the respondents. The high selling point of gated communities together with more than half of the public approval indicates that gated communities are suitable to be implemented, and are here to stay.

RECOMMENDATION FOR FURTHER STUDY

Despite the increasing number of gated communities today, there are no laws on the construction of gated communities and the efficiency of gated communities system to reduce crime rate is still questionable. Thus, the writer recommends further study should be given in looking at,

- i. The legislation or regulation that should be applied for governing gated developments in Malaysia.
- ii. The efficiency of gated communities in helping to reduce the crime rate.

CONCLUSION

Throughout the study, it is evident that gated community is getting common in the future housing development. The factors contributing to the development of gated communities are security and followed by privacy, better control and maintenance of built environment, exclusive lifestyle and closer relationship. The study shows that security has become the main factor for house buyers to move into gated communities. Beside that, gated respondents overwhelming agreed that the walls could act as a protection and security to their family. This sense of security has become the most common reason for choosing a gated community.

More than half of open community respondents gave supportive views to the implementation of gated communities. However, those who did not give their support have their justification. The reasons being firstly, because there are still few neighbourhoods with gated communities compared to open communities and secondly because of the difficulty for visiting. In addition they are conscious of the impact of segregation among the urban residents in the near future. This group of people can be categorised as those who give priority for the social life. The reduction of social interaction in gated communities has become their major concern.

An overwhelming majority of the respondents (developers, gated community respondents) perceived that gated communities are suitable in Malaysia, although the gating may result in some negative social impact. It is considered suitable as gated community could provide security, which is essential in areas where the crime rate is high. Through the gated communities, they believed they are more secured than the residents living in the nongated or open communities.

Based on the findings it can be concluded that the general public accepts gated communities with security and privacy remaind to be the contributing factors. The developers seem to give a strong support towards the implementation of this new concept of gated community in Malaysia. With this scenario, gated community development will become a new trend of housing development in the area of Johor Bahru Tengah.

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7 WHAT INFLUENCE DEMAND FOR CONDOMINIUM

Hasmah Abu Zarin Ahmad Ariffian Bujang

INTRODUCTION

Due to the demand for condominiums in Johor Bahru is not certain i.e the demand for property has been cyclic, it is very important for the developers and the buyers in the property market that there is a time to buy and a time to sell to be financially viable. It is very important especially for the small and medium size developers to know what are the real factors that encouraging people to buy before they proceed with the condominium development. This is because to avoid the project from being abandoned.

METHODOLOGY

There were four steps taken to assess the demand factors for condominiums in Johor Bahru. The steps were (i) to identify relevant demand factors from the literature review, (ii) to conduct a questionnaire survey to the people living in condominiums in the study area and this survey would provide specific and detailed information of the people in the study area and surface their concerns and opinions, (iii) punching in data into the computer by using SPSS (Statistical Package For Social Science) and (iv) the data collected will then be analysed by relevant quantitative methods.

THE DEFINITION AND CONCEPT OF CONDOMINIUM

The term "condominium" is couched with differing interpretations and it seems that any article on the subject of condominiums has to begin with a definition of the term. The term condominium is capable of a far wider application. Condominiums have existed for centuries and writers have even traced them to the times of the Romans. It refers to a form of ownership in which more than one owner is involved in a specific way.

Condominium is a Latin word meaning joint ownership or control. When applied to housing, it denotes individual ownership with unrestricted right of disposal of one or more units in a multi unit project, with land and all other parts of the project held in common with owners of other units.

According to Abbott (1987), a condominium is a partial ownership system. It separates the ownership of individual units in a multi-unit building. A single real property parcel with all the unit owners having a right or share in common to use the common elements with separate ownership confined to the individual units which are serially designated.

From the above statements, condominiums can be defined as a form of co-ownership over a multi-unit property where the owner-occupier has individual ownership of one unit but common ownership of the grounds and common areas with other unit owners. The purchaser of a condominium in other words receives a separate title deed for a specific unit and a pro-rated interest in the common property.

In Malaysia, there is hardly any distinguished definition between flat, apartment and condominium. In the layman point of view, condominium is the most high-priced between them. The additional attributes which distinguish condominium to flat and apartment are better facilities offered and well planned design to suit the taste of high income people. Nevertheless, at current scenario, the difficulties of differentiating between an apartment and condominium is exacerbated by better facilities added to typical apartment so that it can be called a condominium. With this perplexing definition, condominium hereinafter in this study is referred to as multi-unit residential development. The special facilities that can be found in most of the condominium are swimming pool and children's pool, gymnasium, 24 -hour security service, launderette service, jogging track, squash and tennis court, function room, poolside barbecue pit, and landscaped. Condominium living portrays a cosier, more prestigious and luxurious life-style with the incorporation of services, facilities and amenities enabling comfortable, enjoyable and convenient living.

From the literature review, condominium has its origin and chief utilisation in meeting the need for shelter in land scarce areas. It enables more intensive use of land resources. As such it lowers the cost of housing and gives home-ownership opportunity for more people in areas where land cost is high and this is especially true in United States of America and Australia.

The concept of condominium living in Johor Bahru, Malaysia is the same to those in United States of America and Australia. Condominiums in Malaysia seems to be the alternative of providing housing to the people but not for the lower income group which earns below RM1,300 per month. There are three different type of condominium market that is above RM250,000 per unit is the up-market condominium, RM120,000 - RM250,000 per unit is the medium market and below RM120,000 is the lower market. Condominium living emphasis as the gracious lifestyle manifested in the provision of recreational amenities and facilities amidst an enclosed environment of landscape greenery.

CONDOMINIUM DEVELOPMENT IN JOHOR BAHRU

The first condominium scheme in Johor Bahru was Indera Putra which was built in 1984. It consisted of 48 units and was located at Jalan Indera Putra. This first condominium scheme and endorsed by the Government in the Fifth Malaysian Plan (1981 - 1985) as a measure to optimise land use and enhance the standard of living.

It is now more favoured as an alternative form of housing in the urban areas. Demand for condominium units had been good ever since the country recovered from the recession period (1984 - 1987). When the economy recovered, the offer of cheaper labour costs plus the inflow of foreign investments in the manufacturing sector has resulted in an influx of expatriates from Japan, Korea, Taiwan and Singapore, increased the demand for condominiums in Johor Bahru.

In 1997, Malaysia started to face recession again. Despite the previous year's stellar Malaysian performance of 8.5% GDP growth and low inflation figures of 2.8%, the Asia-Pacific regional crisis, had made the situation financially untenable. Real GDP had contracted by 2.8% against a growth of 8.6% for the same period in 1997. This is due to the slowdown in domestic demand (Refer Table 9 for the GDP percentage growth per annum from 1990 - 1997).

In 1998, the economy growth shows a negative trend. To improve the economy situation, Bank Negara Malaysia (BNM) is continuing a tight monetary policy. Loan credit growth towards the purchase of property has slowed down. This is because more loans are being channeled to the production and manufacturing sectors. Malaysia's loan growth slowed down at 2.9% in November from 28.4% in October last year. Hence, in the 1998 budget, the government had announced several fiscal initiatives to ensure macroeconomic stability (especially in the balance of payments, inflation and the financial stability of the public and private sectors).

SUPPLY OF CONDOMINIUM

In 1998 alone, there were 2,980 units and the cumulative supply of condominiums in the market up to 1997 was 6,352 units. There has been an increase of 46.91% since 1997.

Table 7.1: Supply of Condominium Units, Johor Bahru (1984 - 1996, 1997, 1998)

Year	No. of Projects	No. of Units
1984 -1996	20	1536
1997	10	1836
1998	24	2980
Total	54	6352

Source: Own Analysis, 1998.

DEMAND OF CONDOMINIUM

Demand, as interpreted here is effective demand which refers to demand for the purchase of condominiums by individuals or companies for purposes of either owner-occupation or investment. It excludes those projects which are wholly retained by the developers as investments since these cater exclusively to rental demand. Condominiums that been retained by the developers for investments are known as servicing apartments. For a successful recovery, there is a need to increase effective demand to enable the quick translation of property needs to property transactions Mani Usilappan, (1998). Despite all the factors mention, there is still a demand for housing. This is because the Malaysian population is increasing, the household formation. Hence more housing units will be required. Thus the demand for housing is generated by the following influences.

OVERALL POPULATION GROWTH

Present and future housing requirements arise out of the total population growth by way of net natural increase, immigration, family formation, size of households and changing age distribution. Backed by a government policy of achieving a

population target of 70 million by the year 2020 (Tracey Vincent, 1993), the annual average population growth rate for the country from 1980 to 1990 was 2.64 per cent which is high compared to the annual growth rate in the Asia-Pacific for the period 1985 to 1990 which is 1.8 per cent, and it is below replacement growth of some of the European countries. In mid 1993, the population of Malaysia was 19.05 million (Statistics Department, 1993).

In Johor Bahru, the annual population growth rate will be increased from 4.6% in 1985 to 16.5% in the year 2000 (Table 2). An increasing population means demand for more houses.

Table 7.2: Projection Population Growth In Johor Bahru (1980 - 2000)

Year	Population	Annual Growth Rate (%)
1980	415,200	-
1985	520,000	4.6
1990	651,300	4.6
1995	840,700	5.2
2000	1,805,100	16.5

Source: Johor Bahru Structure Plan

Household size in Johor Bahru is getting smaller i.e. in 1991 the household average size is 5.0. Overall, average household size for apartment is 4.2 and 97.0% makes-up of one household (Department of Statistics, 1995). This shows that there is an increase in demand for condominium because in Johor Bahru, smaller families normally prefer to stay in condominium with all the facilities nearby.

URBANISATION

The potential demand becomes more apparent with population growth and also urbanisation. By 2020, Malaysia's population will reach 70 million people and this means that 45 million people living in urban areas i.e. an increase of 264 per cent. Due to this urbanisation, it attracts people coming to the cities. People prefer living in the cities because of a high paying jobs, quality of life and cultural events. This means there will be an increased in demand for housing (Table 7.3).

Year Population Urban % (000)1970 10877 2719 25 1980 13764 21 2884 1990 18010 7744 43 2000 22615 11353 50 27621 2010f 16645 60

Table 7.3: The Urban Population Growth Trend.

Source: Malaysia Institute Economic Report (1991)

24403

74

33015

LEVEL OF INCOME

2020f

Income is an important factor. Higher incomes facilitate earlier marriages, and encourage upgrading of housing. Likewise lower incomes discourage early marriage, and could ultimately cause downgrading of housing. Affordability or the capacity to pay the price, the occupancy costs (including mortgage repayment, or the rent) - is a most important factor in the housing market.

The potential demand for housing can be appreciated even more with increasing incomes. Rising incomes also mean growing middle and upper classes group of people with new and higher expectation in the standard of living. In this context condominium living may become more appealing and affordable. 40% of the respondents have their income above RM4, 000 per month.

In general, there are 4,600 households earning an income above RM2, 500 per month and this group increased to 5,000 households in 1998 (Table 4). It can be said that if income increased, standard of living will also be increased which is due to urbanisation and this indirectly will increase the demand for housing especially condominium which all the facilities is near the "door step".

Table 7.4: Household Income in Johor Bahru (1997 - 1998).

Monthly income	Number of	Number of
	household	household (1998)
	(1997)	
2,750	3,900	4,300
3,750	3,300	3,600
4,250	2,100	2,200

Source: Rahim & Co. Research Sdn. Bhd.

Table 7.5: Household Income Distribution in Johor Bahru (1999-2004).

Monthly Income (RM)	No. of Household 1999	No. of household 2000	No. of Household 2001	No. of Household 2002	No. of Household 2003	No. of Household 2004
2,750	4,700	5,800	6,200	6,800	7,300	7,900
4,000	-	4,200	4,600	4,900	5,200	5,700
4,250	2,400	-	-	-	-	_
4,500	-	1,500	1,600	1,750	1,800	2,000
4,750	-	1,100	1,150	1,260	1,350	1,400

Source: Rahim & Co. Research Sdn. Bhd.

From table 7.5, it can be seen that there are 4,700 households received an income above RM2,750. This means that more people can afford to buy condominium especially the lower and medium market condominium. Price for lower and medium market condominium is below RM250, 000 per unit. This further increased the demand for this type of condominium.

Household income is very important in determining the type of house they can afford to buy. Table 6 shows that households that earns RM2, 250 - RM4, 500 per month are considered higher income group and they can afford to pay for the housing loan of RM750 - RM1,500 per month.

Table7. 6:	Household	ıncome	and	housing	allocation

Category	Households	Housing
	Income	Allocation
1. Lower Income	1,125	375
2. Lower Medium Income	1,500 - 2,250	500 - 750
3. Medium Income	2,625 - 3,000	875 - 1,000
4. Medium Lower Income	4,125	1,375
5. Higher Income	2,250 – 4,500	750 - 1,500

National Housing Convention 1997

Malaysia's strong economic performances, has increased the employment rate and unemployment rate has been decreasing. This means that real per capita income of the people has been increasing due to the rapid and sustained growth of the Malaysian economy.

A recent survey by the National Population and Family Development Board shows that about 42.2 per cent in 1980 of women joining labour force participation has increased to 46.1 percent in 1993. This indirectly shows that most of the families have both husband and wife working. This shows that there is an increasing number of double income families due to more women

entering various sectors of the economy (Economic Report, 1994/95). 88% of the spouses living in condominiums are working.

MORTGAGE FINANCE

Mortgage finance is essential in converting potential demand for housing into actual demand. Therefore the availability of mortgage money at affordable interest rates and acceptable terms is always an important factor in both demand and supply.

Most people bought their houses with the availability of loan. Loans from financial institutions were easy and banks give up to 90 per cent loans. The repayment duration was usually for 10, 15, 20 or 25 years at prevailing interest rates. Base lending rates are low in Malaysia and more people can afford to buy houses (Table 7.7). This means demand for condominiums has increases. Base lending rates in Malaysia has been quite low if compared to United States of America which is around 12 - 15 per cent.

On the 6th of January 1999, government announced that loan above RM250,000 will not be approved and this can lead to the dampening of the up market condominium or in other words this can decrease the demand for condominium. The base lending rate in 1998 is 10.0 and this decreases the demand of condominium. This factor slows down the property market.

All the buyers said that financing do influence the demand for the condominiums and they prefer low rates for borrowing. 1% said that they will buy in cash and 78% said that they will buy condominium if they can be given 100% loan. 83% said that they bought condominium for investment purposes and 17% said for their own resident.

Year	BLR (%)
1990	7.5
1991	8.8
1992	9.5
1993	9.0
1994	8.7
1995	8.3
1996	8.0
1997	8,3
1998	10.0

Table 7.7: Base Lending Rates.

Source: Bank Negara (various reports).

Besides financing, other factors such as marketing and the developer's reputation do influence the demand of condominiums. 75% said that developer's reputation do influence the demand for condominium. From marketing aspect, 42% said that they bought the condominiums after they have seen the brochures/pamphlet and 47% said that due to the advertisement and 11% due to others such as through friends.

OTHER ASPECTS OF DEMAND FOR CONDOMINIUM

Demand for condominium is restricted to fairly narrow location limits; also, there is a local real estate market in each urban area which is affected by influences peculiar to that area. Beside these factors, different buyers look for different kinds of condominiums in keeping with their families' social and financial status as well as the kind of living they seek. This kind of demand is conditioned by the qualitative aspects such as the following:

- a. accommodation: number of bedrooms, living rooms, bathrooms, storage etc.
- b. quality of locality: superior, average or low cost.
- c. construction: good quality finishes and facilities.

- d. tenancy or ownership.
- e. small or large section: build up area.

Price is very important because it can either increase or decrease demand for condominiums. 76% said that price do influence the demand for condominiums. If demand for condominium is to grow and expand, it must become a viable alternative to the traditional form of houses such as terrace, semi-detached and detached houses, as well as being affordable. 68% prefer price below RM250,000 which is equivalent to the built-up area of traditional form of houses (semi-detached or double storey terrace), 8% prefer price above RM250,000 (Table 8). Affordability is dependent on the size of household income, cost and availability of finance, repayment period and the availability of past saving and Employee Provident Fund withdrawal.

Table 7.8: Condominium Price Preferable

Category	Percentage
RM 250,000 and below per unit	68
RM 251,000 per unit and above	8
Missing	24
Total	100

Source: Field survey.

24% said that the reasons why they bought condominiums were due to the quality of the product. People staying in condominium reflect that the style of living. Besides that 31% said that variety does influence the demand for condominium, 30% was due to the uniqueness, and 15% was due to attractiveness of the condominium developments. 99% said that location is the most important factor before someone starts to purchase condominium. The demand for condominium units situated in a good location is high.

Table 7.9 shows the location which are highly preferable.

Table 7.9: Preferred Location

Location	Percentage
Jalan Abdul Samad	8
Jalan Mariamah	12
Stulang	25
Jalan Kolam Air	17
Jalan Yahya Awal	15
Jalan Sungai Chat	5
Jalan Indera Putera	8
Others	10
Total	100

Source: Field survey

There are other reasons that can be related to location. 54% of the respondents buy condominium because it is near the amenities centre and follows by near the city centre (14%) (Table 7.10). Buyers do not like to buy condominiums that are near public transport and shopping areas. These may be due to the noise or heavy traffic or congestion.

Table 7.10: Reasons for Preferred Location

Location	Percentage
Near city centre	14
Mear working place	7
Near public transport	2
Near shopping areas	2
Near recreational centre	21

Near amenities centre	54
Total	100

Source: Field survey.

As can be seen from Table 7.10 above, the projects that are situated near the beach (facing the sea) such as Stulang area are highly demanded besides the green surrounding or environment compared to the one that are situated near the city centre. The figure above tally with the purchasers preferred view. The main reasons why purchasers prefer good view to buy condominiums are due to the factor of harmony and relaxation (Table 7.11). For their unit that they bought, 66% prefer their unit facing morning sun, 30% prefer facing evening sun, and 4% prefer facing no sun shine

Table 7.11: Scenery from the Condominium Unit.

View	Percentage
Facing swimming pool	34
Facing town area	22
Facing green scenery	43
Missing	1

Besides good location, it also relates to whether this location is near the prestige area and has a better environment. 86% said that before they buy a unit of condominiums, they also consider whether it is located near the prestige area and have a better environment. Out of 100 respondents, 52% prefer their location because it is near the prestige area with high income neighbour, 45% prefer to be near the facilities such as petrol kiosk, police station, fire brigade, 33% prefer to be near their friends and 14% prefer no heavy traffic. A survey on 100 condominium buyers

revealed that the 3 and 4 bedroom units are most popular among the type of bedroom units launched and are highly demanded (Table 7.12).

Table 7.12: Number of Bedrooms Demanded

Number of Bedrooms	Percentage
2	1
3	38
4	61
Total	100

Source: Field survey.

Penthouse does influence the demand for condominiums. 100% prefer the condominium development to have penthouse. This is because it will differentiate between condominium and apartment. Apartments and flats in Malaysia do not have penthouse on the top of the blocks. 4-bedroom units are highly demanded and in terms of size, the most preferred built-up area is above 1,601 sq. ft. (Table 7.13). This figure tally with the technical guidelines issued by the Planning Department, City Hall of Kuala Lumpur which states that for 3-bedrooms, the size must be above 1,000 sq. ft.

Table 7.13: Preferred Built-Up Area

Built-Up Area	Percentage
800 – 1,000 sq. ft.	0.4
1,001 - 1,200 sq. ft.	3.8
1,201 - 1,400 sq. ft.	52.7
1,401 - 1,600 sq. ft.	37.0
1,601 and above sq. ft.	6.1
Total	100

Source: Field survey.

Most of the purchasers prefer built-up area between 1,201 - 1,400 square feet and 37% prefer built-up area between 1,401 - 1,600 sq. ft. A floor layout also does influence the demand for condominium. 1% preferred more storage space, cupboards, and closets; 24% prefer separate or more formal dining room; 97% prefer to have balcony; 5% prefer to have larger kitchen; 68% prefer to have larger bedrooms. Tenancy also plays an important role in influencing the demand for condominium. 98% prefer condominiums to have strata title and not just depend on the sell and purchase agreement.

FASHION IS A CONSIDERATION

This is influenced by ethnic origins, personal priorities and general economic considerations. Why do people like to live in a low rise or high rise condominiums? Since most both spouses are working, it leaves less time for property maintenance. This leads to preference to live in a condominium where there is an existing of property management board.

Each condominium developments have the recreational and amenities facilities. These were the main differences between condominiums, apartments and flats. Rank 1 show that the factor was the main reason why they bought the condominium and 9 was the least important factor influencing demand. Table 7.14 shows which recreational facilities were highly demanded whilst Table 7.15 shows the amenities facilities highly demanded.

Besides the factors mentioned above, other factors that also influence the demand for condominiums are the physical aspects of the condominium such as the density, height, and floor layout area.

Table 7.14: Preferred Recreational Facilities.

Recreational Facilities	Rank
Parking Space	1
Swimming Pool	2
Function Hall	3
Tennis/Badminton Courts	4
Gymnasium	5
Sauna	6
Children Playground	7
Jogging Track	8
Gazebo	9

Source: Field survey.

Table 7.15: Amenities Facilities Demanded

Amenities Facilities	Rank
24 Hours Guard/Surveillance	1
Automatic Sprinkler	2
Nursery	3
Free Club Membership	4
High Speed Modern Lifts	5
Mini Markets	6
Cafeteria	7
Launderette	8
BBQ Area	9

Source: Field survey

Density of the project does influence the demand for condominium and 30% prefer low density, 55% prefer medium density, and 15% prefer high density. Surrounding development also influence the demand for condominiums. 73% prefer medium density surrounding development (60 - 100 persons per acre), 25% prefer low density surrounding development (10 - 40 persons per acre), and 2% prefer high density surrounding development (400 persons per acre). Height can also influence the demand for condominium. Height usually relates with either high rise or low rise building. 20% of the respondent preferred low rise building (5th floor to 10th floor) and the balance 30% prefer high rise building (11th floor and above).

CONCLUSION

The factors mentioned above are the important factors that do influence the demand for condominiums in Johor Bahru. Factors such as rate of inflation, consumer price index and the rate of gross domestic product have not been surveyed because these factors have been reflected in the price of the condominium itself.

From the above discussion, it can be concluded the main factors that influence the demand for condominiums can be categorised into eleven main categories (Table 7.16). Rank 1 show that it is the most important and vital factor in influencing demand for upmarket condominiums and Rank 11 is the least important factor.

So, demand for condominiums will always be there because people are already accepting the concept of living in a condominium and also as their lifestyle. Before developers proceed with the condominium projects, they must know what are the most important factors that will attract people to buy these condominiums units. This is to ensure that once the developers have taken-up the project, there is no turning back because condominium development involved a lot of money and the

developers have to ensure that the project will be carried out effectively. Nowadays, people are talking about whether there is glut in the supply of the condominiums and so it is very important to know the main factors that influence the demand just to make sure that the projects being carried out by the developers will not be abandoned due to lack of demand. Beside the location and the characteristics of the building, prices are also very important. Developers need to determine these prices and deliver the type of houses within the expected price range to fulfill the demand. As the property market reports indicate, the bulk of the housing sector i.e. 72% to 80% of all residential transactions is for houses below RM150,000. Therefore, from this article, developers are advised to take note of such data and build more affordable housing for which a ready market is available.

Table 7.16: Main Factors That Influence Demand

Main Factors	Ranking
Location of development	1
Characteristics of the building	2
Price	3
Recreational facilities	4
View	5
Marketing	6
Financing	7
Management	8
Surrounding environment	9
Investment	10
Good reputation of the developer	11

Source: own analysis

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INFLUENCES OF FINANCING FACILITIES ON THE HOUSING DEMAND

Norazura Hassan Ahmad Ariffian Bujang

INTRODUCTION

End financing facilities is very important which are offered or provided by bank or financial institution to purchase houses. The financing facilities are offered by bank, whether commercial bank, merchant bank, Islamic bank or others. The rapid expansion in the banking industry shows that this sector is very important and necessary to all party. The expansion also shows the financial organization always try to offer good services to their customer. Financing facilities are one of the important factors in order to enhance the buyers economic or the household. Financial institutions are always trying to use different strategies to ensure their products are attractive to the consumer. Recently in Malaysia, the financial institutions are expanding and an important instrument to achieve economic growth. Today, there two types of banking system practiced, namely the conventional and Islamic system.

Since the late 1859, according to the history of banking set up, the primary bank which led the banking development in Malaysia is The Chartered Merchantile Bank of India, London and China branch where it were operating in Penang. In 26th January 1959, Central Bank Malaya Ordinance 1958 was tabled and then Central

Bank of Malaysia was established. Banking Act 1973 and Financial Institution Act 1969 was merged as Banking and Financial Institutions Act 1989, (Shahriza Basir, 2002)

Recently in Malaysia many types of banking either with conventional or Islamic systems were established to offer the financing facilities. Some of the notable banks are Rashid Hussein Bank Berhad (RHB), CIMB Berhad, Affin Bank Berhad, Public Bank Berhad, Malayan Banking Berhad, Hong Leong Bank Berhad, Eon Bank Berhad, Am Bank Berhad, Citibank Berhad and etc. The main objectives of these conventional banking are to maximize their profitability through investment. In 1983, the first Islamic banking was set up known as Bank Islam Malaysia Berhad (BIMB).

THE FOCUS IN FINANCING FACILITIES

The main issue that was identified is the effectiveness of financing facilities which are provided by financial institutions. In 2006, the activity in housing segmentation is reducing due to the reducing in demand. This can be shown by the decreasing number in loan application in 2006. This situation affected the housing market. At the end of September, 2006 shows the properties were not sold or overhang increased to 28,827 units. The discounted rate or refer to Base Lending Rate (BLR) for the commercial bank increases from November 2005 until April 2006 and then stable in May 2006 with 6.72%. (Annual Report, Bank Negara Malaysia, 2006). Financial institutions should help the buyers to purchase their own houses and examined the method of housing financing which provide to the public. Beside that, the eligibility condition to apply the housing financing is also strict. Thus it caused the public with the low income difficult to buy and owned a house. (Harian Metro, 2004)

To buy a house, the buyers have to obtain loan from the financial institution to support their affordability. However, to get the bank financing facilities, the buyer has to undergo a lot of

processes, procedures and conditions applied. Thus, this is the main constraint for the buyers to get their own home. Hence, failure to gain any financial facilities will hinder them from buying any housing. (Irina Barakova, 2003). From the statement given, the issues and problems for this study are:

- a) Whether the availability of banking system can give good services to the buyers especially in housing financing.
- b) Whether the housing financing facilities from the bank or financial institution really give an impact to the housing demand.
- c) Whether the term of conditions and process are suitable and doesn't pressured the buyers before and after they secure the loan for finance house buying.

The objectives of this study are to identify and study the importance of the housing financing facilities in influencing on the demand of residential property and to study the consumer acceptance of housing financing system and condition which was currently applied by the bank or financial institution.

THE CONCEPT OF HOUSING FINANCING

Banking system is the most important mechanism as the productive investment. Beside that, it also has a role in distribute the resources for the property development. This property development including the housing which it was the basic requirement in human live. Through the Bank Negara Malaysia, it was state that housing sector need to give an attention by the financial institution in giving the financing.

According to Fadzila Azni Ahmad (2003), financial institution such as conventional bank, defined loan or financing as the amounts which offer for the borrower in the certain time with certain interest. From the Islamic concept, financing is the agreement with two parties where the financial institution and the lender agree to share the profit from the business or the investment.

(Mohd Khalil Bin Jusoh, 2004). In Malaysia, there are a lot of financial institutions or banking institution provides or offer housing financing. The financing institutions are the conventional bank, Islamic bank, Treasury Housing Financing Scheme of Malaysia, Employee's Provident Fund (EPF), Malaysia Buildings Society Berhad (MBSB) Bank Simpanan Nasional, and others. All these financial institutions were offering housing financing for the purposes to buy new houses, under construction houses, secondary market houses, sub-let and for the renovation.

HOUSING TRANSACTION IN THE DISTRICT OF JOHOR BAHRU

Table 8.1 show the number and the types of housing or residential properties which were transfer or transacted from 2003 to 2006

 Table 8.1: Number of residential property transaction

No	Туре	Year (Unit)					
		2003	2004	2005	2006		
	Single Storey						
1	Terrace	4,784	6,683	4,907	3,280		
2	2-3 Storey Terrace	5,814	8,888	6,296	4,206		
	Single Storey						
3	Semi-Detached	182	226	164	188		
	2-3 Storey Semi-						
4	Detached	430	539	328	328		
5	Detached	352	383	345	491		
	Condominium/Ap						
6	artment	638	857	731	597		
7	Cluster House	4	5	3	19		
8	Townhouse	20	17	40	46		
9	Flat	247	395	192	260		
10	Low Cost House	2,024	2,001	1,372	1,359		
11	Low Cost Flat	1,020	1,079	763	862		
12	Vacant Land	420	417	592	2,916		
13	Other	1	0	2	2		
	TOTAL	15,936	21,490	15,733	14,554		

Source: Property Market Report, 2004 & 2006

Table 8.1 show the total of transaction from 2003 until 2006 for each types of residential property. In 2003, the amount of properties which were transacted is 15,936 units and then increased to 21,490 in 2004. This shows an increased of 5,554 units or 35 percent. However, in 2005 the transactions were decreased to 15,733 units. The largest amount of transaction was in 2004 with 21,490 units. Some of the factors which influenced the large amount of transactions in 2004 are the buyer's affordability and location. The most favourite types of houses transacted were the double and three storey terraces with 20,998 transactions from 2003 until 2005. On the other hand, single storey terrace house also has large amount of transaction with 16,374 units from 2003

until 2005. However, the properties which are the least demanded were cluster and townhouse.

APPROVAL OF HOUSING FINANCING

Table 8.2 below show the amount of housing financing which was approving by the financial institution. Commercial bank being a largest approval in the financing with amount RM36 billion in 2005, however in 2006 the approve amount were decrease to RM33 billion. This is because of less in demand or application in the housing. Beside that, the household are very careful in make an application to buy a house.

Figure 8.2: Amount of approval housing financing

No.	Bank / Financial Institution	Year (RM	I million)
		2005	2006
1	Commercial Bank	36,482	33,237
2	Malaysia Buildings Society Berhad	902	1,084
3	Bank Kerjasama Rakyat Malaysia	1,111	812
	Berhad		
4	Bank Simpanan Nasional	848	1,408
5	Treasury Housing Financing Scheme of	4,188	4,134
	Malaysia		
6	Sabah Finance Group	8	11
7	Borneo Housing Mortgage Finance	62	70
	Berhad		
	TOTAL	43,601	40,756

Source: Bank Negara Malaysia and Other Financial Institution (2007)

DATA COLLECTION AND ANALYSIS

To achieve the objectives of the study, a case study is carried out in the District of Johor Bahru through distribution of questionnaires. This questionnaires were distributed to the selected areas in Johor Bahru such as Taman Universiti, Taman Ungku Tun Aminah, Johor Bahru town, shopping complex (City Square, Jaya Jusco and etc.) and other appropriate places. 150 questionnaires were distributed to these areas and only 130 questionnaires were returned. The methods used to analyse these questionnaires were frequency and likert scaling. Both methods are quantitative techniques. Frequency method is used to analyze the regularity anwsers that had chose by the respondents. This analysis is carried by using the statistical package of social science (SPSS). Likert scaling is a method used to for the questions which rank the factors with scale. In this study the scale given and the respondents have to choose the anwser by a scale. This method is to analyze the important of the factors. In this method higher mean score, the more important of factor.

From the analysis of the questionnaires, the first objective of this paper is to identify and study the important of the housing financing facilities in influencing the demand of residential property was achieve. The result of the analysis is shown in Table 8.3 below.

Table 8.3: Factor influenced the housing demand

Factor	Average Score
Financing facilities	4.592
Household income	3.892
Public facilities	3.546
Location	3.369
Neighbourhood	3.200
Housing price	3.169
Design	2.892
Goodwill	2.577

Source: Survey of study, 2008

From Table 8.3, it shows that housing financing is the most important factor with higher average score 4.592. This also shows financing facilities is very important to be considered in housing purcahsing. Beside thats the household income is the average score 3.892. For the factor public facilities and location it was in the moderate with score 3.546 and 3.369. Neighbourhood, house price and design or accomodation factors were less important with the score 3.200, 3.269 and 2.892. The analysis also shows the goodwill factor is not important in influencing the buyer with average score of 2.577. This is because of the respondent profile where the majority of the respondents were Malay.

For the second objective that is to study the consumer acceptance of housing financing system and condition which is currently applied by the bank or financial institution an analyze using frequency is used. From the analysis both of the banking systems that is Conventional Banking System and Islamic Banking System was moderately acceptance by the respondents. Table 4.0 shows the result of the analysis. While in Table 5 shows the analysis of the acceptance on the Islamic Banking System.

Table 8.4: Analysis on the consumer acceptance on Conventional Banking System

Scale	Frequency	Percentage (%)
Poor	4	3.1
Inadequate good	17	13.1
Moderately good	71	54.6
Good	35	26.9
Very good	3	2.3
Amount	130	100

Source: Survey of study,2008

Scale	Frequency	Percentage (%)
Poor	0	0
Inadequate good	2	1.54
Moderately good	64	49.22
Good	54	41.54
Very good	10	7.7
Amount	130	100

Table 8.5: Analysis on the consumer acceptance on Islamic Banking System

Source: Survey of study, 2008

The analysis in the table 8.4 above shows the result of the financing system that was applied in the area of study. Based on above analysis in the table, 71 or 54.6 percent of the respondents had accepted the conventional financing system as moderately good. While 35 respondents or 26.9 percent as good. Only 17 respondents or 13.1 percent choose the conventional banking is inadequate. However, there are only 3 or 2.3 percent of the respondents suggest conventional banking is very good.

For the Islamic Banking System Table 8.5 shows the result of the analysis. From the above analysis, 64 or 49.22 percent of the respondents suggested the acceptance of the Islamic Banking System is moderately good. While 54 or 41.54 percent of the respondents choose the system is good and 10 or 7.7 choose very good. However, there are only 2 or 1.54 percent of the respondents choose the system is inadequate.

For the acceptance on the condition which was currently applied by bank or financial institution, the result of analysis are in the Table 8.6 below:

Table 8.6: Analysis on the respondent acceptance on housing financing condition

Housing Financing	1	2	3	4	5	Amount
Condition						
Citizen of Malaysia or	0	0	0	56	74	130
Permanent Resident						
and 18 Years Old and						
Above.						
Not Exceeding 65 Year	0	0	40	67	23	130
To Mature Loan Term						
Post Confirmation By	0	24	43	44	19	130
The Employer (Work						
Under 6 Month)						
Have Fix Income	0	9	55	59	7	130
Submit Income	0	24	77	29	0	130
Statement 3 Month						
Submit Statement EPF	0	7	84	39	0	130

Source: Survey of Study, 2008

Table 8.7: Analysis on the percentage of respondent acceptance on housing financing term and condition

Housing Financing		Amount				
Condition	1	2	3	4	5	(%)
Citizen of Malaysia	0	0	0	43.1	56.9	100
or Permanent						
Resident and 18						
Years Old and						
Above.						
Not Exceeding 65	0	0	30.8	51.5	17.7	100
Year To Mature						
Loan Term						
Post Confirmation	0	18.5	33.1	33.8	14.6	100
By The Employer						

(Work Under 6						
Month)						
Have Fix Income	0	6.9	42.3	45.4	5.4	100
Submit Income	0	18.5	59.2	22.3	0	100
Statement 3 Month						
Submit Statement	0	5.4	64.6	30	0	100
EPF						

Source: Survey of Study, 2008

As a conclusion, the analysis shows that most or majority of the respondents agreed with the term and condition of Malaysian citizen or permanent resident and 18-year-old and above. Beside that, for the applicant who is not exceeding 65 years old on the loan mature period has accept as agreed by the respondent. Apart from that, the term and condition of submitting the EPF and 3 months income statement had been accepted as moderately agree by the respondent.

FINDINGS

Findings from the analysis for the first objective respondent has agree to choose the factor of housing financing are the most factor in influence them to buy a house. This is because the housing financing is the important mechanism in buying house. Buying house need money affordability because the housing price is expensive and it need a financing support. However there are also having some other factors such as location, public facilities, household income and others. For the second objective, it was analyze using a frequency method. As the result, respondent has decided to accept the banking system as a moderate only. They strongly agree to choose citizen or permanent resident and 18 years old and above for the reason that they really agree. The result of this study is based on the respondent opinion where its was obtain from the questionnaire. The answer also based on how the respondents understand the question through their

understanding and it also refers to the respondent background and their profile.

RECOMMENDATION

Through this study there are some suggestions will be given to few parties. In this study, the parties which involve and can use the information are buyers, financial institution and the authority. For the first suggestion, it more focus on the buyers. It suggest the buyers who want to buy any property shoud study the housing financing facilities they will use especially the type of banking system, the interest, conditon and others. Beside thats, for the financial institution, they should study more about their available banking system and evaluate their services and try to find out their weakness and make an improvement. So that they can serve a good services and also can full fill the customer needs. However, it also suggest the financial institution to reduce the application procedure, taking short time in giving the loan approval and others. Authorities especially Bank Negara Malaysia must always sensitive with the current situation of real estate market to enable several new policies are formulated in order to improve real estate sale if financing facilities have been obtained easily. This is because, all policy that prescribed by Bank Negara shall be complied and practiced at each bank.

RECOMMENDATION FOR FITURE STUDY

After conducting study on the housing financing facilities factor and study on the respondent acceptance for banking system in whose practise and also the terms of financing, it find out there are still a few things that need to study especially:

a) Effectiveness of financial institutions other than bank. In Malaysia there were another financial institution that offer

- housing finance services package such as Employees Provident Fund (EPF), Malaysia Building Society Berhad (MBSB), and others.
- b) Further study also focus on how the type of housing finance that offered by financial institutions will be able to increase the demand on the property that is newly built or even bought from original owner and others.
- c) Focus on the relationship between financing facilities system and also the rational of choosing the banking system.

CONCLUSION

As a conclusion, it clearly shows that in the district of Johor Bahru, housing financing is the important factor that influence on the housing buying decision. This is because, financing is one of the important medium to help the buyers. As usually, the choosing in banking services is depend on a few reason. Some of the reason are duration of approval, flexible payback method, the reasonable of services charge, the availability of branch and multiple package of housing financing and others. With this kind of reason, the buyers will not indecisive to make the loan or to make the discussion in order to get the opinion in housing financing. So from that, the property will be sold properly and the property oversupply can be decreased.

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SIGNIFICANCE OF EIA AND DPR IN THE HOUSING DEVELOPMENT PROCESS

Asiah binti Othman

INTRODUCTION

Development process involves several stages starting with the identification of land, doing the feasibility study, application stage and the implementation. The application stage requires developers to deal with various authorities in order to gain what is called planning permission. Sec. 19 of Act 172 provides that no person, other than a Local Authority, shall commence, undertake, or carry out any development unless planning permission in respect of the development has been granted.

The Local Planning Authority (LPA) is empowered by the Act to control the development within their area. This implies that all development has to get approval from the LPA. Private developers therefore, have to submit an application and the LPA may approve it with or without condition, or refuse the application. In granting the planning permission, the LPA will refer to the development plan, planning standards, government policies and other planning requirements. Besides, every application should be made according to certain procedure laid down by the respective LPA.

Development control therefore forms a basis for a LPA to ensure that what is being implemented is according to what has been planned. However, changes and alterations in the plan are inevitable so as to cope with current demand and problems. The developers, who rely on the market trends, will normally apply for

development that may be different from what has been allocated in the plan. Thus the element of flexibility in the plan making process needs to be addressed.

Gaining planning permission is not without any problems, and it has been the on going problems and becoming the main issues of concern amongst the private developers. Besides the issue of delays, private developers in Malaysia are beginning to feel that all the requirements associated with the granting of planning approvals are becoming more demanding, which in a way are threatening the viability of a new project.

This can be highlighted with the introduction of various report or studies on certain aspects such as the Traffic Impact Assessment, Development Proposal Reports (DPR) Environmental Impact Assessment (EIA). This paper however, looks into EIA and DPR only and its significance in the development process, with Johore as the case study. This is just a preliminary study with some view on the implication of the reports on to the developers.

WHAT US DEVELOPMENT PROPOSAL REPORT (DPR)?

According to Sec. 21A Act A933 the application for planning permission should include the submission of DPR together with other documents. Even though it has been introduced in 1995, the implementation or the enforcement is subject to the discretion of the State Government and the capability of the respective LPA. However, as far as the state of Johore is concerned, only MBJB applies the provision in Act fully where planning permission is being processed and granted by the LPA.

However, the DPR is only required in cases where the land is more than 2 hectares or 5 acres. Besides the granting of planning application, DPR is also needed, (as for the state of Johore) for application through SBKS (Surrender and Re-alienation), conversion as well as for subdivision. The applicant is needed to submit 5 copies of the report together with the application.

Thus, DPR will be one of the documents assessed by the LPA in processing the application. This is because the report is considered reliable as it contains additional information about the proposed development as well the existing situation. Unlike before, this information is not provided in written form but it has to be gathered by the approval body accordingly. The justification for the report has been clearly understood by the decision maker such as,

- To give sufficient information about the proposed development
- To ensure that all relevant matters are made available to the LPA
- To help the LPA in making the right decision based upon relevant material consideration.

The DPR therefore enable the approval body to understand the whole situation with regards to the land as well as the proposed development. The clarification and justification provided by the report can actually expedite the whole process, as most of the information needed has been made available. Furthermore, developers are now required to submit a DPR prepared by a qualified person, which is in accordance with the guidelines. According to the Federal Town and Country Planning Department,

A development proposal report actually involves a technique for the systematic compilation of expert quantitative analysis and qualitative assessment of a project's land use and development viability, including its effect on the surrounding area, and the presentation of result, and the scope for modifying or mitigating them, to be properly evaluated by the relevant decision making body before a planning decision is rendered.

(Co-ordination and Judiciary Unit, Town and Country Planning Department, 1994)

DPR submitted by the developers will also be distributed to various technical departments such as the JPBD, JKR, TNB and STM. Hence the technical department will have access to the same report and their comments and decision will be made based on the information provided in the report and the attached layout plan.

WHAT IS ENVIRONMENTAL IMPACT ASSESSMENT (EIA) REPORT?

EIA on the other hand is a report on environmental issues that need to be submitted to the Department of Environment (JAS). Unlike the DPR, EIA report has been enforced and has been made mandatory since 1984 under the Environmental Quality Act 1984. EIA report, prepared by a Consultant has to be submitted to JAS for approval. This means that EIA is the requirement made by the JAS and not the planning authority. Unlike DPR, the applicant needs to submit 15 copies of EIA report, as it has to be examined not only by several Units in JAS but also other related technical departments such as JKR, TNB, JPS, and LPA etc.

EIA will then act as a planning tool in identifying the mitigation measures against any adverse impact on the environment. The purpose of EIA is not to stop the development but it has to be understood that some development gives an adverse impact on the environment. Thus it needs to be controlled or restricted by imposing certain measures in order to overcome the issues of environment in the future.

In other words, EIA report is a study to identify, predict, assess and to provide information regarding the impacts of a certain proposed development on to the environment. The report identifies the mitigation measures that should be carried out before, during and after the implementation of the project. The mitigation measures need to be spell out in their environmental management plan, which form part of the report. In approving the application, JAS will then agreed to all the measures and monitoring will be carried out from time to time.

Nevertheless, EIA is only imposed on development specified under the Environmental Quality Order 1987 that has been known as the prescribed activities. This requirement has been enforced since 1st April 1988. For the case of Johore, EIA report is required by JAS for developments that are considered as prescribed activities and it is applicable not only for the purpose of gaining planning application, but also for the purpose of land conversion.

Thus, EIA has becoming one of the tools to control developments especially the one that has negative impact on to the environment. Besides, it also restricts development in sensitive areas. JAS has been given the full responsibility to look into the report and to carry out a thorough study upon the proposed development and its impact on to the environment. Their comments on the report and its approval are needed before any decision on the application can be made. This means that the approval body will not be granting the permission until JAS have agreed and satisfied with all the mitigation measures outlined in the report.

CONTENTS OF THE REPORTS

Both reports, DPR and EIA, need to be prepared and signed by a professional namely the Town Planner and the EIA Consultant respectively. Basically the information is related to the site, its surrounding environment and emphasis is given on the proposed development. Thus, the main focus of the reports is to describe the proposed development by giving detailed information as well as its justification. The proposed development will be highlighted comprehensively and the detailed explanation could provide a clear picture and better understanding to the decision maker. Besides putting forward the alternative developments, taking into consideration the surrounding factors as well as the social impact, both reports aimed to convince the approval body that the proposed developments are suitable and good for the public as well as the nation.

Being prepared by the professionals, the report aimed to convince the decision maker by giving a full description of the projects with particulars on the existing situation as well as the proposed development. Besides that, the reports also include some technical details on certain aspects that are relevant to each particular report. As such, the DPR will detail out the development based on the planning standards, its potential and constraints. While the EIA focuses more on its impacts to the environment, which requires technical expertise on various matters that can be gathered from the biologist, chemist, engineers, planners, socialists and etc.

For the purpose of comparison, Table 1 below provides information on the content of DPR and EIA.

Table 9.1: Contents of DPR and EIA

Content of DPR			Content of EIA
1.	Introduction	1.	Executive Summary
2.	Development concept and its	2.	Introduction
	justification	3.	Project Title
3.	Location plan and Site plan		- Title of project outlining the
4.	Particulars of Title		type, size and location of the
5.	Analysis on issues and potential		development
	for development	4.	Project Initiator & Consultants
	- Description on the		- Project initiator, EIA
	topography and site		consultant and other
	slope		consultants including the name,
	- Information on		address, contact numbers and
	existing sewerage,		person to whom may be
	drainage and main		referred to for information
	roads	5.	Statement of Need
	 Information on road 		- Indicate the objectives and
	reserved and TIA (if		reasons for the development
	necessary)	6.	Project Description
	- Existing land use,		 Location of the project site
	natural environment		- Size of the project area and
	and landscape		parcels of land involved
	- Potential features of		- Project concept outlining
	the site and the		rational for development

surrounding

- 6. Analysis on land use and the intensity of the development
 - Identification of constraints and restrictions imposed on to the development based on the zoning, density, building height, plot ratio and plinth area
 - Proposed development with consideration given on the planning standards and other restrictions
- 7. Analysis on the surrounding development
- Coordination with structure plan and local plan as well as planning guidelines
- Alternative of development concept
 - Alternative of development concept with its justification and rationale

10. Proposed development

- Based on the development concept, the detailed layout plan is prepared.
- Mitigation measures against flooding and any adverse impact on to environment
- Social impact assessment
- Proposed landscape plan according to the National Landscape Guidelines
- Measures to

- and description of development components
- Project schedule
- Project economic and social benefits
- 7. Project Options
 - List of site selection option and development options
- 8. Project Activities
 - List of main project activities with description of the extent and scope of these activities
- 9. Existing Environment
 - Physical characteristics of project area
 - Geological and soil condition
 - Hydrology and water quality
 - Air quality and meteorology
 - Status of noise
 - Existing land use
 - Sources of pollution
 - Terrestrial and aquatic habitats
 - Flora and fauna species in the habitats
 - Socio- economy, population, communities, economic activities and employment
 - Aesthetical value, place of landmarks of cultural, religious or historical significance
 - Infrastructure facilities
 - Utilities and services
- 10. Assessment of Impacts and Mitigating Measures
 - Potential impact
 - Mitigation Measures

conserve/preserve identified buildings

- Proposed Earthwork
- Proposed road circulation system Phasing of the
 - development if applicable
- 11. Environmental Management Plan (EMP)
- 12. Residual Impacts
- 13. Conclusion
- 14. References

Source: JPBD

Table 9.1 outlines the information contained in both reports, which basically describes the land to be developed in terms of its location, land use, surrounding areas, its accessibility and the existing development. Basic information for both reports tends to be similar but the emphasis may differ in order to justify the purpose of each reports.

DPR main concern is to look into the development and its relation with planning aspects such as the zoning and all the planning standards, as well as its impact on the surrounding environment. As a LPA, they have to make sure that the proposed development is suitable and conform to their planning standards, government policies and compatible with to the surrounding uses. The social impacts of the proposed development have also being considered by identifying some of the adverse impact on to the environment. In certain circumstance a separate report on the social impact assessment may be needed.

EIA on the other hand, focuses on the environmental issues looking at the adverse impact and the mitigation measures. Even though DPR may include some social impacts but the depth may not be that extensive as the EIA. EIA tries to identify all the possible impacts, not only related to social but also on the environment as a whole, namely on water, air, noise, flora and fauna.

Both reports may have its own agenda and role to play that justifies its submission to the authority concerned. But, to the developers the requirements of preparing the report can be seen as

adding more cost on to their business venture. In addition, there may be question arise whether or not there will be some overlapping or redundant of reports. Furthermore the same technical department may have to look at both reports. Therefore, some issues of concern that relates to the reliability of both reports and how significant are they in the development process should be addressed

THE SIGNIFICANCE OF DPR AND EIA: FROM THE DEVELOPER'S VIEW POINT

As far as the developer is concerned the reports are considered as part of the requirement that needs to be complied with. A failure to do so means a delay in the application stage, which will then affect the whole process of development. Realizing this, developers should conform and comply with those requirements by submitting the reports accordingly. In Johore, most application either for land conversion, SBKS, subdivision and planning permission requires a submission of DPR. Besides DPR, EIA may be needed for developments that are considered as prescribed activities or identified as sensitive areas or being gazette as area for Marine Park. As far as housing development is concern, EIA is needed when the size of the development exceed 50 hectares.

The rationale for having those reports can be accepted and as being clarified before the report provides the basis or reference for the decision maker. However, it should be noted that there would be an increasing cost incurred by the developers, which can either be absorbed as part of the total cost of development or to transfer it to the end-user in a form of a higher selling price (Rowan-Robinson, 1988). However, problem arises when cost could not be ascertained correctly or anticipated at the very early stage. The developers will then have to bear the extra cost, which finally affects their profit margin. Hence it does affect a developer especially the one with small capital or landowner who is primarily interested in converting the land use.

As shown in Table 9.2 and 9.3, the professional fees paid to the consultant vary according to the land area and the depth of the study, with a minimum payment of RM10,000 for DPR and RM30,000 for EIA. EIA however, requires more detail studies carried out by at least three major experts in the field of biology, chemistry, sociology, planning and engineering. The cost of preparing EIA is highly influenced not only by the area or the size of the development, but also the types of the proposed development, the number of expertise involved and the depth of each study. Besides, EIA also requires a laboratory to carry out test on the samples of water and air.

Table 9.2: Rate of professional fees for the preparation of DPR

	Land area	Rate of payment
		(RM/acre)
1	Not exceeding the first 10 acre	3000
2	Next 40 acres	2000
3	Next 50 acres	1500
4	Next 100 acres	1000
5	Next 100 acres	800
6	Next 100 acres	700
7	Next 100 acres	600
8	Next 500 acres and more	500

Source: MIP: Guidelines for computing professional fees.

Table 9.3: Estimated cost in preparing EIA Report (housing project)

Elements	Price per unit	Total units	Total cost
		involved	(RM)
1. Water	RM700	3	2100
2. Air	RM 300 – 400	3	900
3. Noise	RM 300 – 400	3	900
4. Sample lab (air)	RM 10 – 30	10	100
5. Petrol			1600
6. Professional fees	RM 3000 -	3 @ 3000	14000
	5000	1 @ 5000	

7. Management	RM 3000	3000
expenses		
ESTIMATED		22600
COST		

Although these requirements of reports submission have the advantage of ensuring well and properly designed projects, they may have a number of unintended consequences. Von Einsiedel (1993) argued that some regulations imposed large costs on society and subverts their original intent. This is because the increasing cost will affect the developers' interest in land development as this affects the viability or it will lead to a higher price of the end product. For that reason, the imposition of new ruling or requirements has to be fully justified before its implementation.

The reports are significant to the approval body as it provides comprehensive and complete information about the proposed development. On the part of the developers, they will have to comply with the requirement and considered it as part of the total cost of development. However, all the increasing cost in gaining planning approvals will have some repercussion on the developers' interest in carrying out development, especially when it affects their return. A wide range of regulation and ruling as well as requirements may have some influence on the interest of the developers.

Most developers could understand the rational of both reports, which may also lead to a fast approval and thus overcome the issue of delays. But, the developers are just entrepreneurs whose role is to oversee the development process so as to ensure completed units are successfully marketed and sold. As economic actors driven by the profit motive, they will only venture into the business if the expected returns are sufficient. But they are being controlled by a number of regulations and rules, and have to comply with all the requirements before getting any approvals.

All these obligations accumulate on the developers' shoulder that will be reflected as extra costs. Due to that there may be

developers who perceived that those reports submission are just creating a hindrance to their activity and they really have to consider the planning constraints before they venture into the business. For that reason, there are cases where the developers have to forget the intention of developing the sites, and thus leaving that particular sites remain idle. This perception may not be good as it discourage further development of an area.

Apart from fulfilling and conforming to the requirements, the developers felt that such reports are inviting more and more professional in the development team. Their expertise and services rendered have to be converted into additional costs and should therefore be included in the total cost of development. The developers are happy so long as it does not affect their profit margin. But what is the benefit gained from the increasing costs? Does the proposed development becoming more efficient, more viable, more comprehensive and more acceptable?

The role of professionals such as the Town Planning Consultant and the EIA Consultant is well noted in providing service to their client. The term of reference as identified by their client need to be properly addressed and delivered. Apart form their professional ethics they are bound to prepare both reports according to the manual specified by the authorities concerned. The consultant firm may have to appoint other professionals to conduct various studies, before preparing the standard reports. The information in the report should reflect the outcome of the study and it should be in line with the needs of the clients. Thus, the consultant involved must not be influence by other factors that lead him not to disclose some of the facts that may contribute to the refusal of application.

Another issue of concerned relating to the submission of these reports is the time factor. Besides examining the reports, every each technical department or agencies has its main responsibility as well as other workload. Even though the client's charter has been specified but due to heavy workload, the client's charter could not be met. This will lead to delays and if only one particular agency could not give their comment on time, the whole process will be affected and this will cause further delays.

Thus, instead of enhancing the system by ensuring a faster approval, the requirements of submitting the reports to the relevant technical department have caused further delays. This will be reflected as cost to the developers because to them, time is money. Due to that, the relevant technical department should reconsider the time specified for processing and to acknowledge the urgency as perceived by the developers or the applicant.

CONCLUSION

The requirement on the preparation DPR and EIA need to be fulfilled, as a failure means no permission will be granted. Hence, any developers or landowners have to comply with the requirement imposed by the LPA and the JAS. They will have to appoint and engaged with a consultant who will be the qualified person to prepare the reports accordingly. The consultant, who has been acknowledged as the expert in the area, should therefore provide the service as specified in the term of reference.

The reports prepared by the professional will then become the basis or the main reference of the approval body. The consultant that signed the report should be answerable for all the information supplied in the report. Due to that, the reports must be reliable and capable of providing important facts and information to assist the approval body in making a right decision. The existence of the reports should therefore, helps to secure efficiency and effectiveness of the planning approval process.

However, the new requirement of report submission may have some drawbacks on to the developers who are actively involved in the process of development. The procedure of getting planning approvals has become lengthy, as it needs more time for the consultant to come up with the report and further delays are expected from the technical departments. Besides the time factor, the developers have to incur higher costs in order to come up with a good quality and promising report, from a well-known consultant. It should be noted here that any amendments on the

reports submitted not included in the professional fees, but will be charged separately to the developers.

Even though the reports have identified all the possibilities and outcomes of the projects, but they are still subject to its implementation. The consultant may be good in manipulating the data and come up with a very good and convincing report, but how far does the content reflects the reality? Hence, the approval authorities have to play its role professionally and to consider the application comprehensively, as their failure will only contribute to greater inefficiency.

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