



Overview of Public Housing Policies

By:

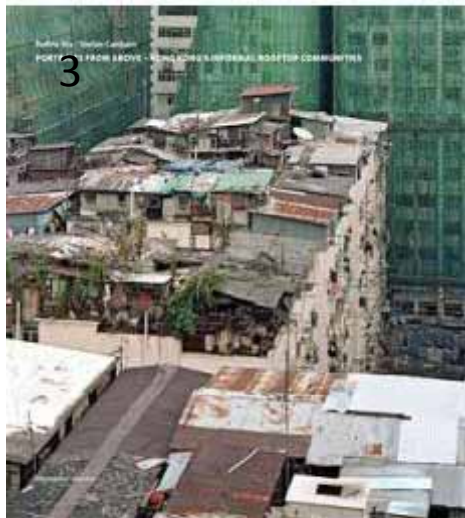
Professor Ir. Dr. Mahyuddin Ramli

Dr. Ruhizal Roosli

School of Housing, Building & Planning

Opening-Gap

Rich vs. Poor



Opening

There were 376,583 property transactions with the GDV of RM107.4bil registered in 2010, an increase of 11.4% and 32.6% respectively as compared to 2009 (2009: 338,089 transactions with RM81.0 bil GDV)
(Property Market Report 2010)



Is this figures has any influence on Public Housing in Malaysia?



HOUSING SUPPLY			MIL
	2009	2010	2011
POPULATION	27.9	28.3	28.6
HOUSING SUPPLY	4.34	4.43	4.46 (Q2 2011)
HOUSING DEMAND			
Annual Household Formation (Census 2010, Department of Statistics)			138,788
Average transactions per annum (est. derived from Property Market Reports)			220,000
Average housing completions per annum (est. derived from Property Market Reports)			100,000

Opening

Most talked about topics in Housing Policy are number of dwellings; housing standards; housing tenure; housing legislation; and housing policy making and implementation (demand, supply, price and affordability; housing policy developments; supporting home ownership; the private rented residential sector; **social housing**; and meeting special housing and accommodation needs).



The four pillars of national transformation

Presentation Outline

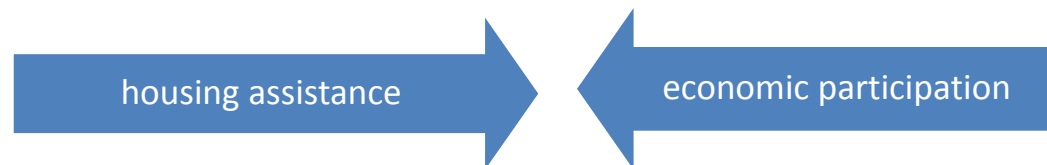
- 1- Overview of Housing Policies (Some comparisons)
- 2- Lesson Learnt

Is housing a commodity?

housing policy = national social + economic policy
or
national social + economic policy = housing policy
[Which came 1st, chicken or egg?](#)

Public Housing Concept:

“rental rebate policy that links rent to improved (earned income) is an area for reform”... AHURI, Australia 2005



Housing Policy-Quotes

Can we generalize that there is no perfect housing policy ever exists?

"America shouldn't waste the current housing crisis. With prices plummeting, foreclosures soaring and the mortgage market in disarray, the country should rethink a federal housing policy that has failed".

**Edward L. Glaeser, an Economics Professor at Harvard, and
Joseph Gyourko, a real estate and finance professor at the Wharton School of the University of Pennsylvania, 2012**

"Despite the fact that housing policy has matured, problems persist its implementation owing to the large population and the complex economic and social situation".

Professor of Land & Real Estate Management, Renmin University of China, 2010

"35,000 private units (condos and landed properties) have already been sold, though still in construction, with payments in various stages of completion. But there are 45,000 units in the pipeline, waiting to be built and sold".

Current Singapore National Development Minister Khaw Boon Wan

"We recognise that Britain's housing system is failing and that there is a genuine housing crisis, the effects of which go well beyond the needs of those on housing waiting lists (housing waiting list of 32,000)".

Ed Miliband MP, the Current UK Labour's Leader

"There are currently more than 60,000 households on social housing waiting lists around the country, many of whom are waiting up to two years to be allocated a home".

Current Australian Minister for Social Housing and Homelessness Mark Arbib

"The pattern of the past has been to produce endless policies and initiatives that simply gather dust".

Current British Housing Minister (Department for Communities and Local Government) Grant Shapps



Housing Policy

“One central issue within housing policy is its relationship to welfare policy. Housing is one of four domains in the welfare state, in addition to pensions, schooling and health”.

Torgersen, 1987

“...adequate privacy; adequate space; physical accessibility; adequate security; security of tenure; structural stability and durability; adequate lighting, heating and ventilation; adequate basic infrastructure, such as water-supply, sanitation and waste-management facilities; suitable environmental quality and health-related factors; and adequate and accessible location with regard to work and basic facilities: should be available at an affordable cost”.

(UN-HABITAT, 1996: 38)

“housing policy most commonly does not stand alone”.

Smith, 1981

“...the term housing policy is used in its widest possible sense to include any intervention by government designed to influence housing conditions”...

“since the mid-1990s, housing issues have been kept at the top of the political agenda because of a rise in demand for housing, caused by economic growth, population growth and shrinking household size”.

Noel Ahern, T.D.,

Former Minister for Housing and Urban Renewal, Ireland

Housing Policy-philosophy

Rationale:

A combination of changes in labour markets, including greater wage inequality, unemployment and precarious employment, and allocation policies that channelled very low income and otherwise disadvantaged people into this housing.

“US and UK as pioneers of clearly defined in housing policy and social policies”.

Tony Dalton and Rachel Ong
Australian Housing and Urban Research Institute, 2005

“Main principle in developing housing policy is that housing policy must be linked to other social policies”.

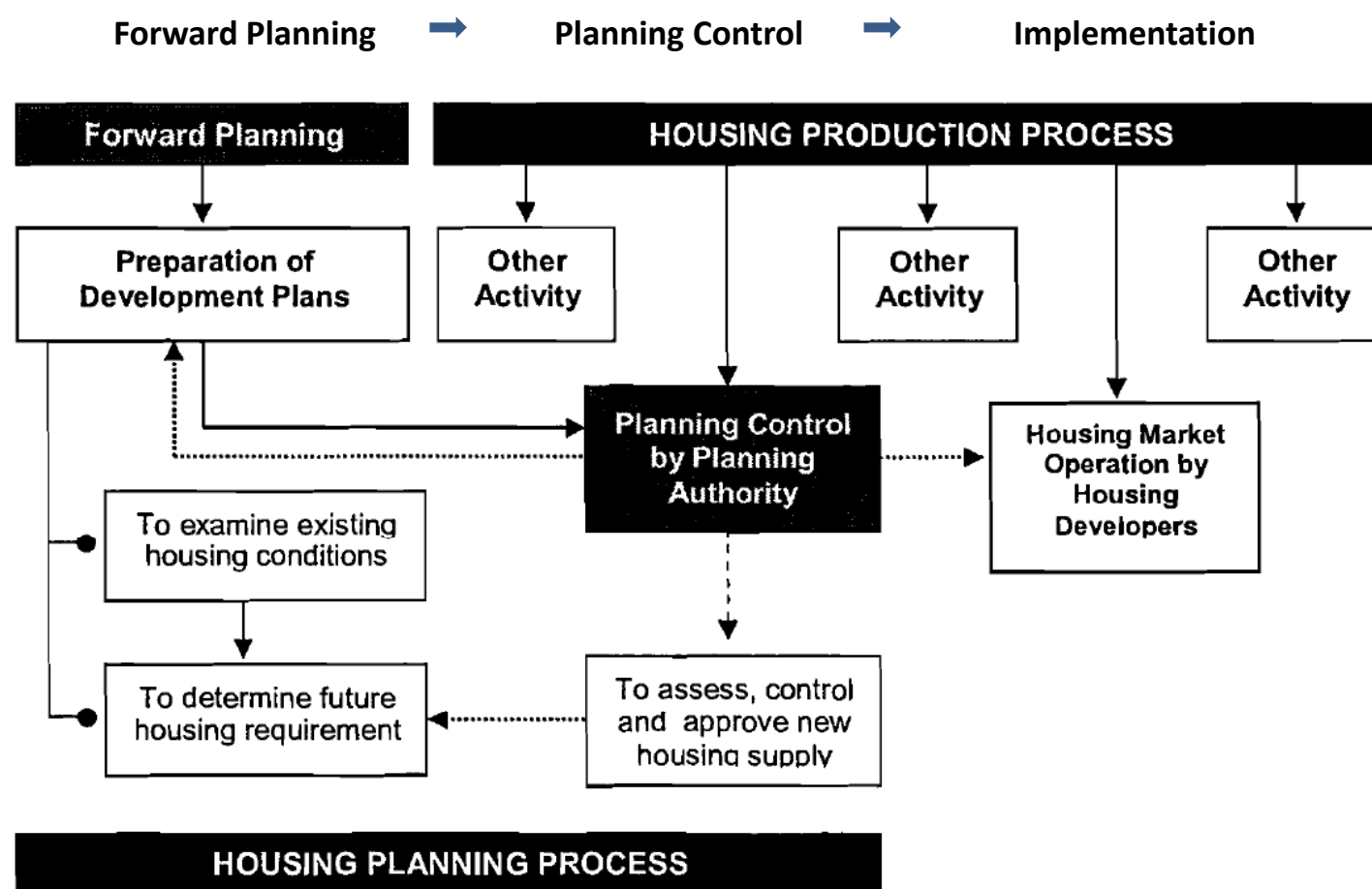
Michael H. Schill, Professor of Law at New York University
Susan M Wachter Professor of Real Estate, Finance and City and Regional Planning
&
Government Office of Policy Development and Research, US

What is the Instruments use in housing policy?

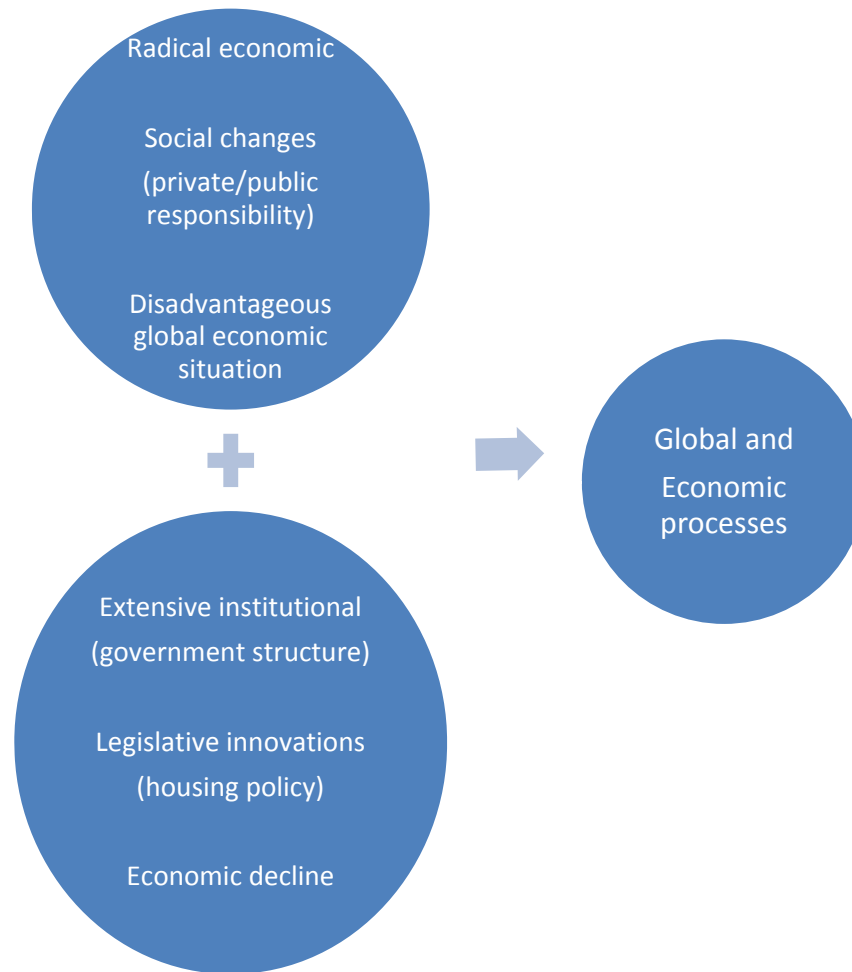


Housing Policy-Planning

Role of Planning System in Housing Development



Housing Policy- Challenges to Change



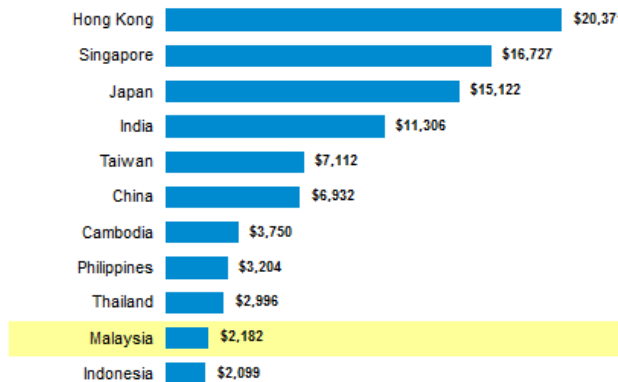
Source : UN, 1996

Overview of Property Market

•Headline of current Housing Market Scenario Worldwide in 2011 by Global Property Guide

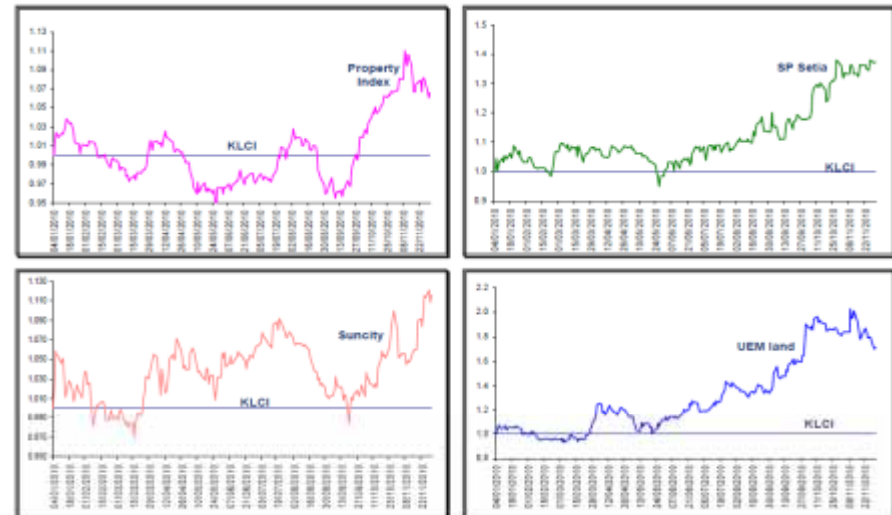
- 'Global housing market downturn gathering pace'
- 'European housing markets still heading down'
- 'House price boom in Asia now over'
- 'US housing market showing signs of life'
- 'Cooling in the Middle East'
- 'Inconsistent progress for Pacific housing markets'

Square Metre Prices - Malaysia Compared to Continent, Premier City Centre, US\$, 2011.



Source: Global Property Guide

Property Stocks: Share Price Performance, 2010



Source: RHB Research Institute 2010



Housing Policy and Affordable

"Our people need proper housing, not ghettos".

Former South African President Nelson Mandela

"The generally accepted definition of affordability is for a household to pay no more than 30 percent of its annual income on housing".

US Department of Housing and Urban Development

"reasonably adequate in standard and location for lower or middle income households and does not cost so much that a household is unlikely to be able to meet other basic needs on a sustainable basis".

National Affordable Housing Summit Group, Australia

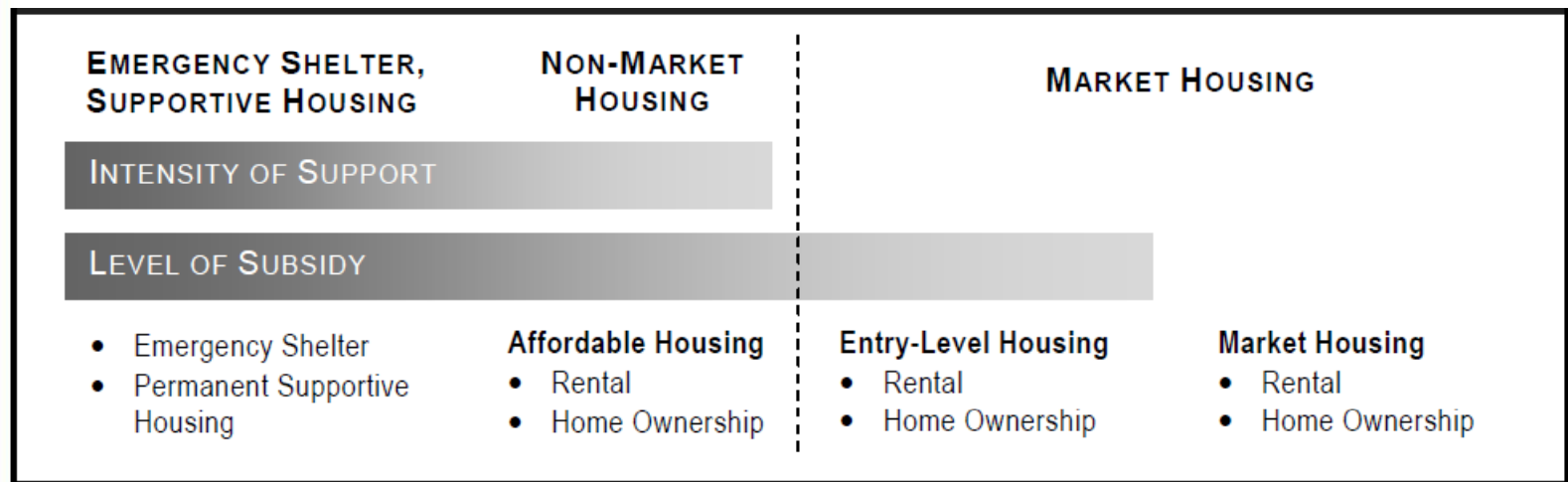
"social rented and intermediate housing, provided to specified eligible households whose needs are not met by the market".

UK community interpretation



Affordable Housing

The Housing Continuum



Source: Alina Turner, 2011

[back](#)

Example of Housing Affordability In the United Kingdom

In 2003 Average household income in England was = £34,197, Average house price = £115,181

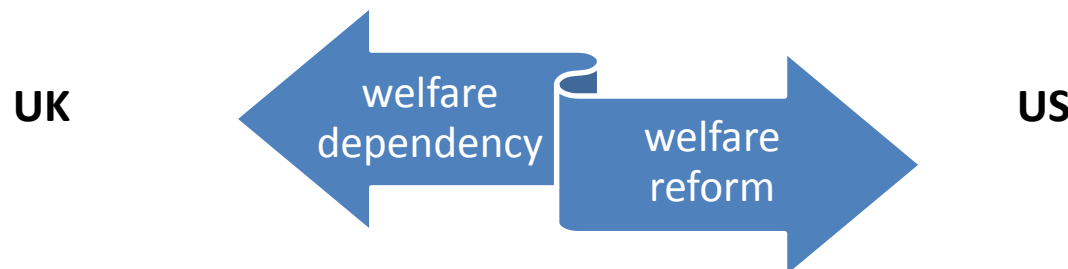
House price to income ratio = 3.36

In 2008 Average income was about £38,302 (1) Average house price =£197,000 (BBC)

Therefore house price to income ratio about 5.1

In 2011, average income was £ 22,870. The average house price in London in 2010 was £408,385. In 2011, average house price of £237,000 is 10 to 16 times the average local salaries

Housing Policy Initiatives in UK, European, US & Developing Countries



Housing assistance measures designed to promote economic participation

UK

Government's flagship Housing Strategy 2012
Sustainable Communities: Homes For All (2005)
The 2004 Housing Act (Social housing in the UK)

The UK vs. European

US

Refinancing Programme 2012
HOME Investment Partnerships, Self-Help Homeownership (SHOP), and Homeownership Zone
Consolidated Planning
Rental assistance

Developing Countries

Public Housing Example in Slovenia

International Award winning public housing in Slovenia (Source: OFIS Arhitekti)



Honeycomb Apartments



Floor Plan



Tetris Apartments



Floor Plan

In the Singapore

Public Housing in Singapore



First new town in Singapore (Queenstown)

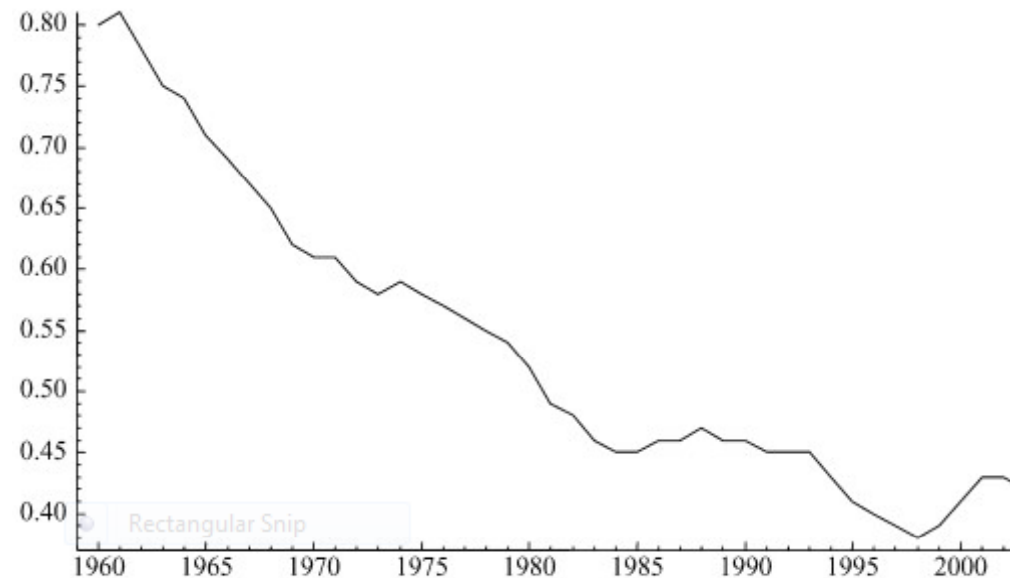


International Award Winning Pinnacle @
Duxton (latest public housing project by
HDB)

In the Singapore

“Rising housing prices in Singapore was a key factor in the rapid decline of the average propensity to consume (APC) in Singapore”.

Professor Tilak Abeysinghe of NUS and Asst. Prof. Keen Meng Choy of NTU, Singapore, 2009



The APC in Singapore Even the most affordable public apartments in Singapore could cost 5–10 times the average annual household income

In the Singapore

Cost of HDB flat	Median Multiple
\$264,000	3.92
\$322,000	4.79
\$344,000	5.12
\$409,000	6.09

Public housing Price by early 2010. Range of sale price is from SGD200,00 plus for 2 rooms, SGD300,000 plus for 4 room and above

Demographia Housing Affordability Rating Categories	
Rating	Median Multiple
Severely Unaffordable	5.1 & Over
Seriously Unaffordable	4.1 to 5.0
Moderately Unaffordable	3.1 to 4.0
Affordable	3.0 or Less

the 8th Annual Demographia International Housing Affordability Survey

The median multiple is based on calculations using the median household income from Singstat's Key Household Characteristics and Household Income Trends in 2011. From the calculation, the median multiple for HDB public housing was found to be at a high of around 6.7, which lies within the 'severely unaffordable' bracket – and even more unaffordable than private properties (6.03).

Tejaswi Chunduri, Regional Analyst at PropertyGuru



Opening – Housing Evolution in Malaysia

1960's – Infant Years

- From squatters to formal structured housing by private developers with participation by the State Governments, Housing Development Act 1966

1970's – A Decade of Steady Growth

- Growing Economy & Population led to interest in the housing sector, Housing Policies formed, Public Housing started, HDA was established to convey private developers' input to the Government, Strata Living began

1980's – A Decade of Consolidation

- Greater Emphasis on Low Cost Housing, Housing sector was impacted by collapsed of commodity prices 1983 & 1984 but recovered commencing 1988

1990's – A Period of Maturation

- Growing maturity in terms of quality & range of products, modern technology, rapid development & scarcity of prime land-developers built condos & develop large townships, 1997 recession

2000's – Challenging Years

- Amendment to Acts - Regulations & Acts tightened, skyrocketing costs resulting from booming development in China & India, land scarcity, birth of GACOS developments, trends towards green developments, Use of Modern Technology, National Housing Policy, ETP, impending Build-then-Sell, Increased Compliance.



Housing Policy in Malaysia

What is the trend in Malaysia?

“Malaysia Planning comprises the components of thematic areas to the right to adequate housing such as general policy statements on housing, legal security of tenure, protection against forced eviction, provision of affordable housing for the poor and compliance with national laws”.

(Roosli, 2010)

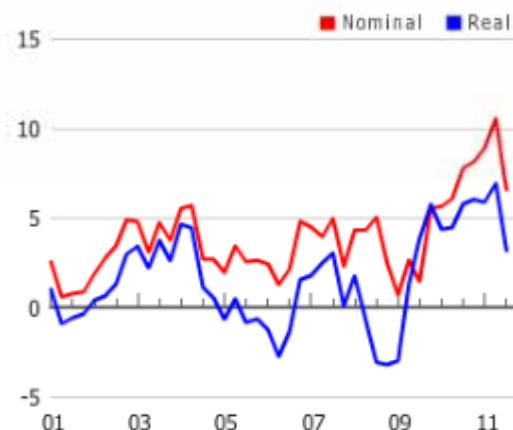
HOUSE PRICES

Malaysia



House price change

% change over a year earlier



House price index (2000=100)



In 2011 the national Malaysian house price index rose 9.9% (6.5% when adjusted for inflation).

2010: up 6.7% (4.9% in real terms)
2009: up 1.5% (0.9% in real terms)
2008: up 4.7% (a fall of 0.7% in real terms)
2007: up 5.3% (3.2% in real terms)
2006: up 1.9% (a fall of 1.7% in real terms)
2005: up 2.4% (a fall of 0.6% in real terms).

The average house price was MYR 219,219 (US\$ 68,905) at year end of 2011 (Valuation and Property Services Department -JPPH).

Source: Valuation and Property Services Department



Affordable Housing in Malaysia

Rumah Mampu Milik- Affordable Homes

RM220,000 > RM400,000 house price vs. RM2,000 > RM4,000 household income

“About 60 per cent of civil servants nationwide earning below RM3,000 are still unable to buy their own houses”

CUEPACS, 2012

Simple calculation of affordability $\frac{\text{MYR219,219}}{\text{MYR49,697}}$

= 4.41

Demographia Housing Affordability Rating Categories	
Rating	Median Multiple
Severely Unaffordable	5.1 & Over
Seriously Unaffordable	4.1 to 5.0
Moderately Unaffordable	3.1 to 4.0
Affordable	3.0 or Less

Public Housing Example in Malaysia

People Housing Programme-*Program Perumahan Rakyat* (PPR)



PPR Lembah Pantai houses



PPR (for rental) Built-up Floor Area 680 ft.² (63 m.²) Consist of 3 Bedrooms, Lounge, Dining Area, Kitchen, 2 Bath & Toilet and Drying Area.



The PPR Desa Rejang, Kuala Lumpur



Cramped quarters: The living room at the PPR unit PPR Desa Rejang in Setapak

Public Housing Example in Malaysia

Hard-Core Poor Development Programme -*Program
Pembangunan Rakyat Termiskin (PPRT)*



PPRT Kg. Rukom Darat, northern Kudat



Kg. Mindohuon, Ranau



PPRT at Jasin District



PPRT at Merlimau District

Lesson Learnt

The US Subprime mortgage industry collapse

“Although a number of politicians, pundits, and financial industry-funded think tanks have claimed that government policies designed to promote affordable housing were an important cause of the financial crisis “

US Financial Crisis Inquiry Commission,
Federal Reserve Economists, and
independent academic researchers

Where it is all started?

Government policies and accusation?

How the top administration reacts?

The ‘Grootboom’ Case and the Rights to Adequate Housing

Why is this case important?



Remark

Control over housing price and legitimacy

How to make policy works? Enforcement?

Update or review or feedback of existing National Housing Policy

How to protect public housing projects from ferocious open market up and down of world economy?

What is going to happen to the housing unit in rural area, village or remote area. Do they free from the government jurisdictions? How about potential of risk to protect the health, safety and welfare of occupiers, the public and occasionally the wider community. Can we declare Malay Traditional Village as 'National Heritage' or apply for UNESCO World Heritage?

Is there a need for Malaysia to embody a ministry with specific task to organize the matter of social housing in a sustainable manner (holistic circle)?

Do we need a professional body for housing stakeholders and to help housing professionals

- CIH.UK-'We are for everyone involved in housing' (students, practitioners, developers, local government, NGOs etc)
- Do we need e-Bulletin about latest updates in housing scenario locally or internationally?

Remark

“Housing is too important to leave to politicians and property developers”.

Glyn Robbins
The Guardian, UK

“Our future in affordable housing depends on the availability of credit to finance housing for rent and sale – the ability of lenders to lend, builders to build and buyers to buy”.

Chief Executive of L&Q Housing Associations, England



Conclusion-Social Policy

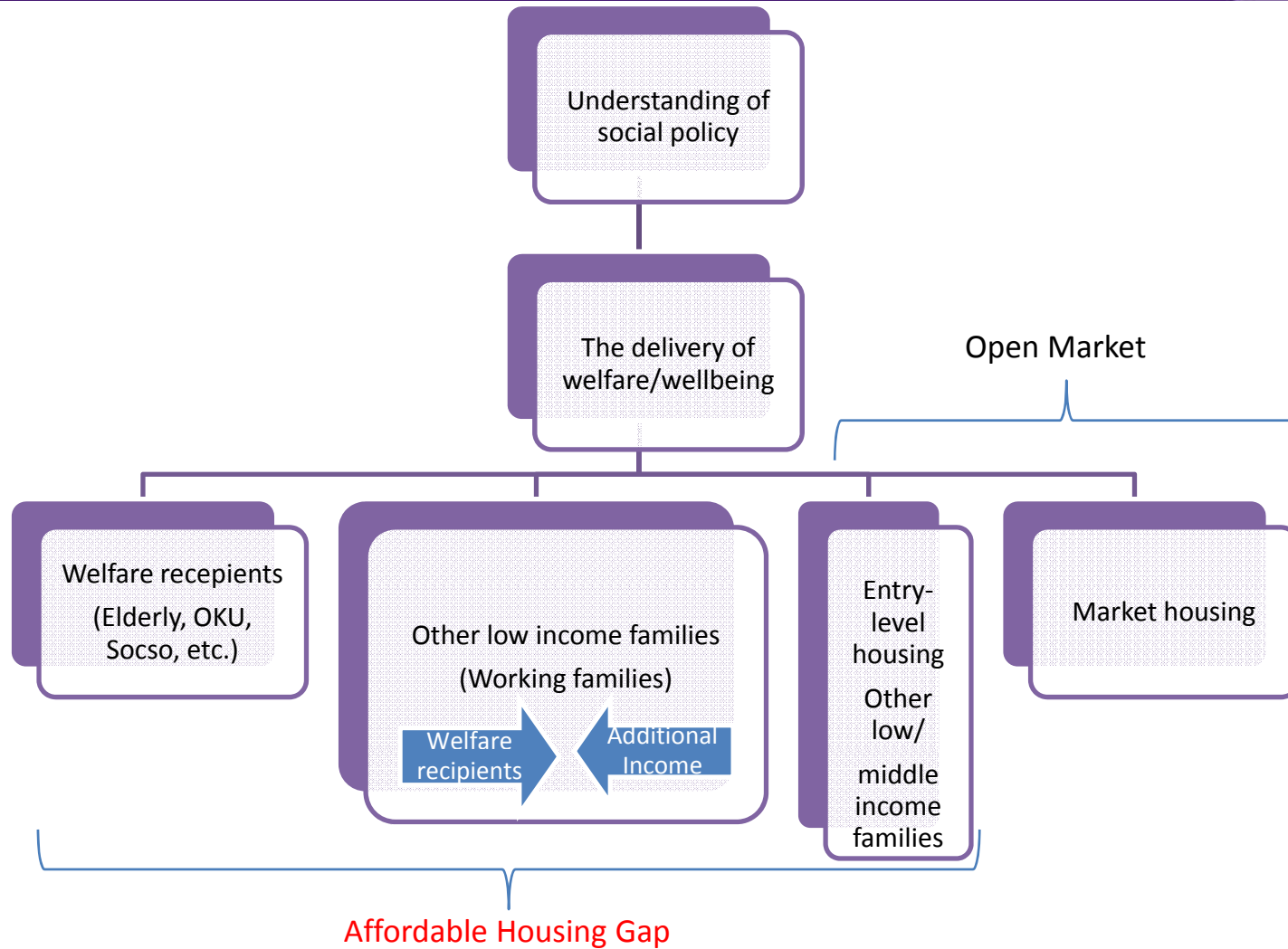
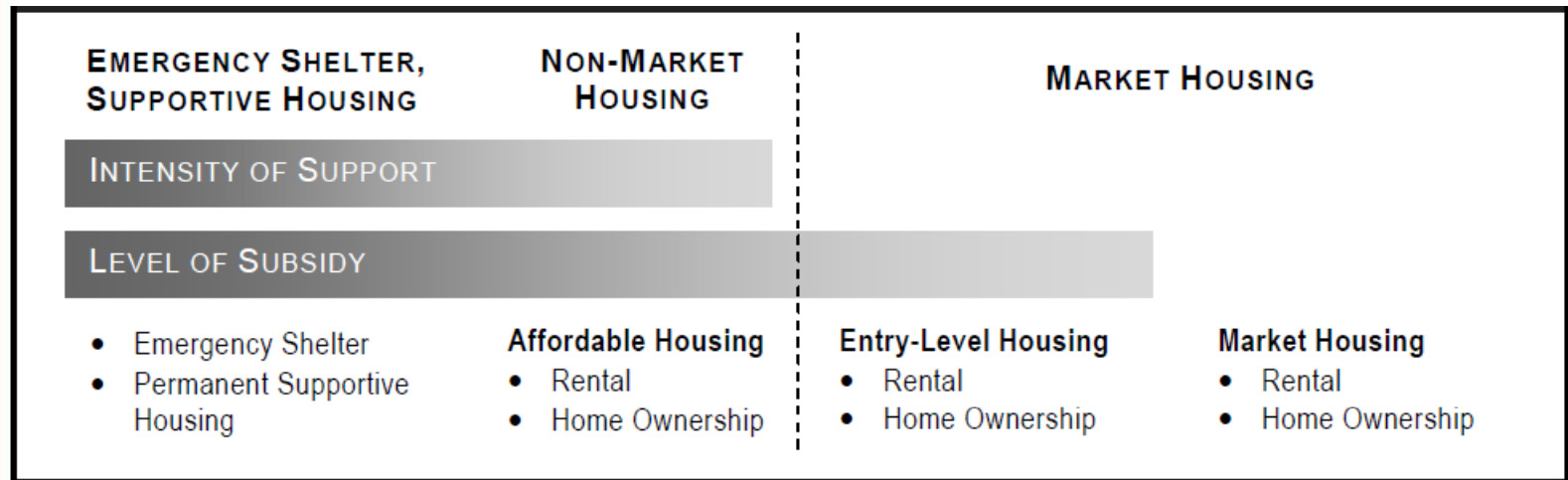


Diagram of Housing Continuum [level of interception](#)

Affordable Housing

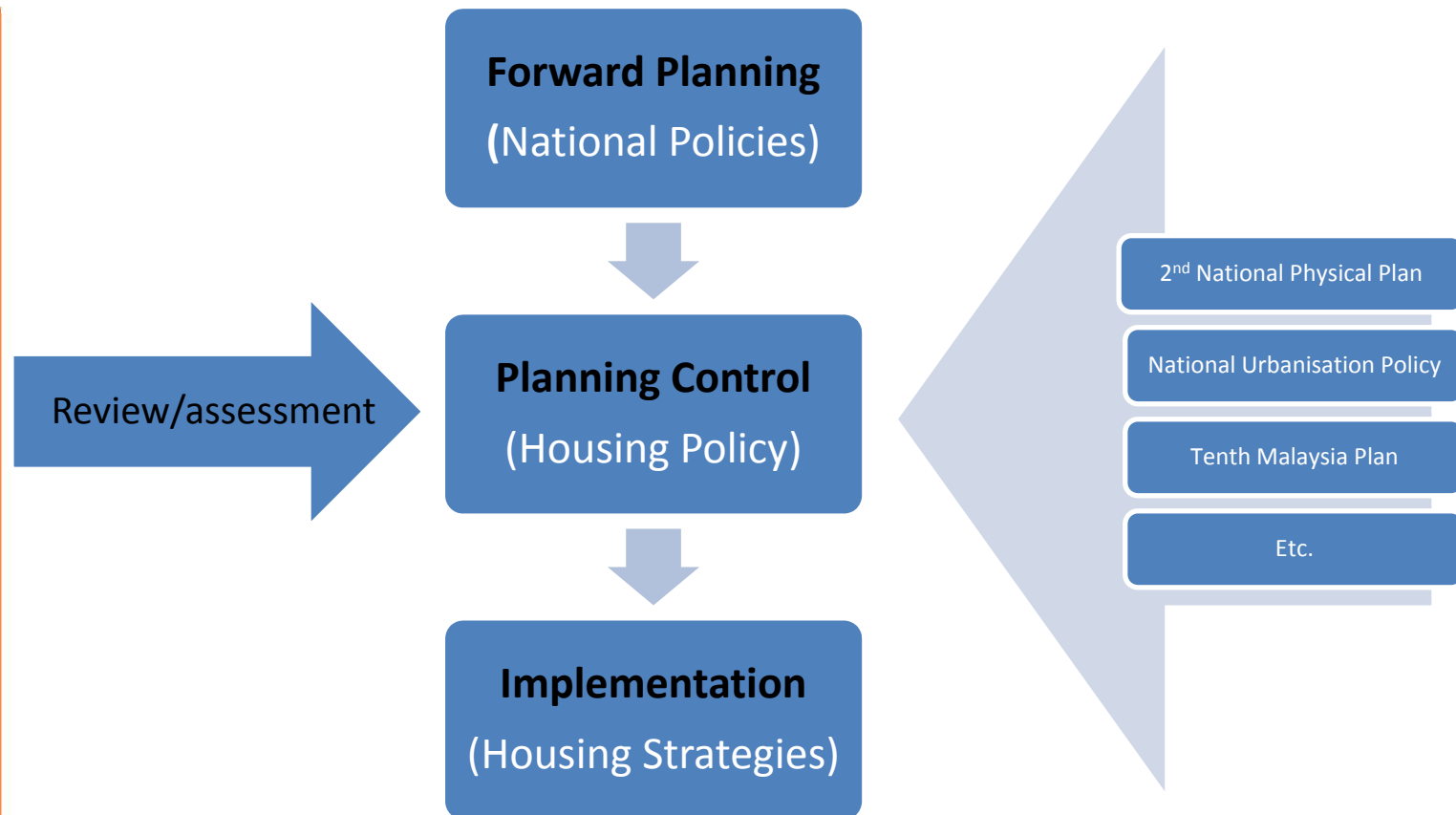
The Housing Continuum



Source: Alina Turner, 2011

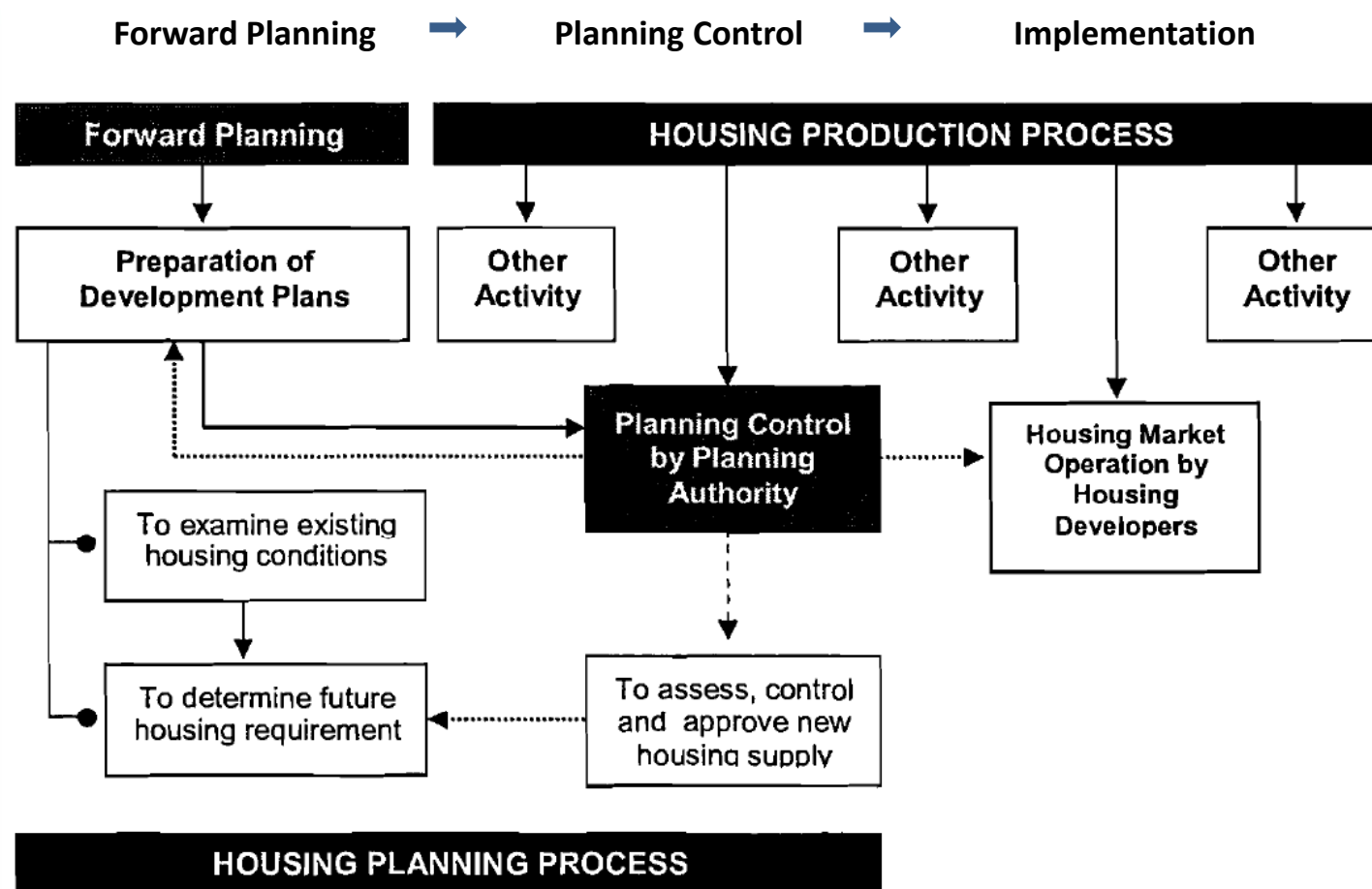
[back](#)

Conclusion-Planning System



Housing Policy-Planning

Role of Planning System in Housing Development



Guidelines-Housing Strategy

Housing the Poor in Asian Cities (Series title) by UN-HABITAT & UNESCAP (2005):

[Quick Guide 1- Urbanization:](#) The role the poor play in urban development

[Quick Guide 2 - Low-Income Housing:](#) Approaches to help the urban poor find adequate accommodation

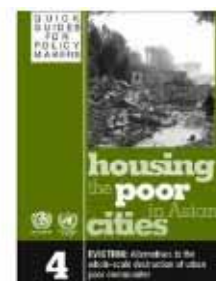
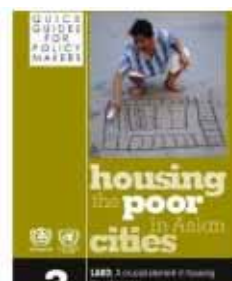
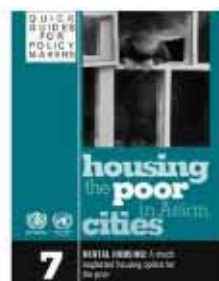
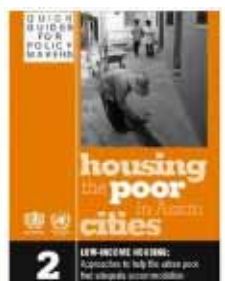
[Quick Guide 3 - Land:](#) A crucial element in housing the urban poor

[Quick Guide 4 - Eviction:](#) Alternatives to the whole-scale destruction of urban poor communities

[Quick Guide 5 - Housing Finance:](#) Ways to help the poor pay for housing

[Quick Guide 6 - Community-Based Organizations:](#) The poor as agents of development

[Quick Guide 7 - Rental housing:](#) A much neglected housing option for the poor



Thank You



mahyudin@usm.my
ruhizal@usm.my