

Promoting Affordable Housing in Enhancing the Inclusiveness of Housing Policy

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ABSTRACT

Affordable housing has been debated among scholars as the tool used by various governments to address the issue of escalating housing prices in the open market segment. A lot of schemes, programs, and initiatives have been introduced by the State Government of Sarawak to increase the supply of affordable housing to be accessed by the public. However, there is no sign that the increase in housing market prices slowing down, and a lot of people still do not have access to public housing schemes. This paper focuses on the discussion of this issue in Sarawak. Besides, it also aims to measure the effectiveness and inclusiveness of the housing policy to resolve the housing scenario faced by the public. A qualitative method was used to collect data. Among the issues discussed in this study are the impact of government intervention in the open market, public-private sector partnership, and commitment of the financial institution. This study should be beneficial for the state government to capture the real issue of affordable housing in the state and be able to develop a more holistic and realistic housing policy in the future.

KEYWORDS

Affordable housing; Sarawak; housing scheme; policy; government.

INTRODUCTION

Affordable housing is one of the significant issues which has been debated on how the government caters to this issue. Housing is the most important part of social needs which becomes a crucial necessity. Nowadays, the number of housing developments built over the country has been increasing. The demand from the public also shows a good sign in the context of property development. The government itself through many programs has managed to offer various schemes to the public to own their own house. The involvement of private developers is also important in ensuring that the programs can be implemented well. Thus, the development in property development is considered one of the main sources of the country's economy and the state as well. But one of the big issues faced by the public is due to the increasing price of the scheme offered and some of the potential buyers have not had access to the offer.

The system for development planning in Sarawak has its own special uniqueness because any decision to apply for the planning will be made by the State Planning Authority (SPA) and not the relevant local authorities (Noni, 2017; Noni & Dani, 2014). Besides, the State Government of Sarawak has introduced a set of Affordable Housing Policies and guidelines to encourage private sector involvement in developing affordable housing (Alphonsos, 2021). Under those policies, the private sector has to meet certain minimum requirements for building houses in accordance with the specifications set in the policy. Moreover, the private sector is required to build a certain percentage of their

project, which have a reserve for development of the affordable house. The main objective is to assist the middle-income group in owning a house. The state government has also introduced a low-cost housing project to add to some of the federal government public housing projects such as PR1MA. They have introduced three types of low-cost housing projects through the People’s Special Housing Scheme (*Skim Perumahan Khas Rakyat - SPEKTRA*) as below:

- a) Spektra Lite (The price of the house not exceeding RM100,000 for intermediate lots and not exceeding RM120,000 for corner lots).
- b) Spektra Medium (The price of the house not exceeding RM135,000 for intermediate lots and not exceeding RM168,000 for corner lots).
- c) Spektra Plus (The price of a house not exceeding RM150,000 for intermediate lots and not exceeding RM198,000 for corner lots).

Furthermore, the state government also has introduced other projects and programs to help increase the standard of living of Sarawak’s citizens. The government is also committed to helping the B40 group with an income below RM 3,900 per month to get a house through the Housing Development Corporation (HDC), and several initiatives being introduced are:

- a) Public Housing Program/ *Program Perumahan Rakyat* (PPR)
- b) Affordable Housing Scheme/ *Rumah Mampu Milik* (RMM)
- c) Longhouse Loan Scheme (PPRP)- this program has been implemented since 1976 under the HDC. The main focus is to provide financial aid for the natives who live in the longhouse for the renovation and building of new units especially the ones that have been destroyed by a natural disaster such as fire.

Table 1 shows the list of affordable housing projects undertaken by licensed private housing developers in Sarawak based on the divisional areas. There are six categories of affordable housing based on the list, and it clearly shows that Sri Pertiwi and low-cost plus had a high demand from the public with 3318 units and 2059 units being built by the private housing developer in Sarawak. Based on the list provided as well, only Betong and Sri Aman Division have no record of the affordable housing built.

Table 1. List of Affordable Housing Projects Undertaken by Licensed Private Housing Developers in Sarawak (as of 13 Jan 2023)

Division	Affordable Housing Project (Units)					
	Low-Cost	Low-Cost Plus	Spektra Lite	Spektra Medium	Putera	Sri Pertiwi
Kuching	0	15	121	128	153	1104
Sibu	806	1447	78	53	4	209
Miri	30	0	67	517	0	652
Limbang	0	5	0	0	0	0
Sarikei	13	0	0	0	0	0
Kapit	27	0	0	0	0	0
Bintulu	0	0	28	107	9	1353
Kota Samarahan	0	0	393	522	1277	0
Mukah	17	0	0	0	0	0
Serian	34	592	77	99	50	0
Total	927	2059	764	1426	1493	3318

Source: (Ministry of Public Health, Housing & Local Government Sarawak, 2023)

Affordable Housing Issue (Alphonsus, 2021)

a. Impact of government intervention in the open market

The government must put much effort into helping the citizens to increase their standard of living by providing various programs and projects in promoting affordable housing. Most of the citizens are unable to buy a house on the open market which is relatively high compared to the income per capita. The intervention of the government in the housing market has brought certain implications which will bring positive and negative issues. Government intervention in the market will cause a disturbance in housing market price stability. Government intervention in the market will affect the free market system as the government has control over everything which made it difficult for the private sector. The private sector roles are limited as they are restrained in a certain aspect as they should obey the provision of the government and the economic growth will be a little bit slower.

b. Public-Private Partnership (PPP)

The private sector plays an important role in complementing government efforts toward developing affordable housing. Both the private and public sectors should find the area of similarity in terms of their interest to develop a harmonious market segment by continuing and showing commitment to maintaining their relationship and working together to achieve the infinite goals of promoting affordable housing.

c. Commitment of Financial Institutions

The financial institution has its own role in promoting affordable housing. They are the ones who will be giving financial aid for the people to loan a house. Interest rates should be reasonable enough to maintain good housing market conditions. The worthiness of getting loan should be reconsidered to help the medium and low-income groups applying for financial aid. At the same time, by controlling the housing market price using a proper mechanism to maintain the volatility of the price. Sometimes, developers tend to increase the price of houses as the financial institution can provide greater loans for those who have the capacity.

Thus, the purpose of this paper is to measure the effectiveness and inclusiveness of the housing policy to resolve the housing scenario faced by the public.

RESEARCH METHODS

Data collection for this study has been carried out using qualitative method. The qualitative approach involved collecting data through in-depth structured interviews involving three officials in the relevant government departments, which are then processed using the content analysis method. The interview questions were set based on the pre-planned research objective and based on the literature review. These are a few examples of the instrument for interview purposes.

- i. In your understanding, what are the issues of affordable housing towards enhancing the housing policy in Sarawak?
- ii. How does the government make sure that this program reaches the right people and realizes its objectives of assisting the unfortunate group?
- iii. In your opinion, what is the impact of the housing policy imposed by the government towards promoting affordable housing?

Content analysis is a careful, detailed, systematic examination and interpretation of a particular body of material to identify patterns, themes, biases, and meanings (Berg, 2007). This study also adopts the criterion purposive sampling. Pandey (2015) mention that

criterion purposive sampling selected the representative of the target population. They can be a person or group of people that represent a specific age, gender, position or ethnicity. The amount of training, years of experience or view towards a certain issue will become the measurement of controlling the data or importance criteria of selecting the proficient respondents who have vast knowledge around the study.

Typically, the sample size and the number of respondents for the qualitative study are relatively small whereby the objective of this method is the accomplishment of saturation. According to Sim, Saunders, Waterfield, and Kingstone (2018), having more respondents does not guarantee obtaining additional perspectives and information. Besides, they also confirmed that to achieve saturation he recommended the respondents should be between two to 10 people.

RESULTS AND DISCUSSION

The findings are discussed based on the purpose of this study which is to measure the effectiveness and inclusiveness of the housing policy to resolve the housing scenario faced by the public. The first finding is based on the term ‘inclusiveness’ which can be seen as a comprehensive and holistic policy approach that has addressed the housing issues and converged the government expects. For the past few years, the housing policies in Malaysia have become more holistic also taking into consideration the expectation and needs of the public. The government has responded well to the market demand and issues faced by the housing sector, especially the ownership of the house (Abdul Shatar, et. al, 2017). Meaning, the housing policy imposed really reflects on the issue and closes the gaps by evolving through time parallel with the people’s expectations. A more integrated approach or action made by the government has significantly produced a positive impact and created value. The findings also show that a lot of housing schemes were introduced by the government not only to assist lower-income groups but also to extend the scheme to other groups. Even though the government is not able to intervene fully in the open market, through various housing schemes it has significantly increased the supply of affordable housing in the open market. Below are some of the responses given by the respondent during the interview session.

[Respondent 1].... the government is also thinking of ways of introducing a more holistic approach by introducing a vast housing scheme that could benefit all income groups instead of focusing on the lower-income group (B40). The target group has been enlarged also to provide a housing scheme for the middle-income group (M40) as housing ownership is also an issue for them. The joint venture projects between HDC and the private sector in building public or affordable housing did encourage private sector involvement in providing public housing. This joint venture project has given the government-controlled over setting up the price and distribution.

[Respondent 2] the housing policy imposed by the government really eases the burden and helps the target group in acquiring their dream house.

[Respondent 3] the policy related to the supply of public housing has regulated and bound private developers to be involved in developing affordable housing. Such a policy is able to streamline the public housing price, and the benefits surely go to the public, especially the lower income group. But some developers may not be happy with the policy as the cost of building the house is higher than the selling price and no form of profit, they

are able to gain through it. But as far as it may not be fair for the developers, the PPP really shows a positive impact on stimulating the supply of affordable housing.

The second finding is based on the term ‘scrutiny’ which means can be seen as a thorough check and examination. The method of how the government observed and controlled to further understand the housing scenario evolving surrounding the housing sector. The findings show that a government has made a continuous effort by lining up several strategies to provide adequate high-quality and affordable houses for the lower-income group. The priority is to provide low-cost housing. Apart from that, the government also foresees the issue of house ownership by the middle-income group since they are not eligible for the low-cost housing allocated for the lower-income group (B40). Besides, the government has also made various strategies to ensure that the housing scheme selling price does not exceed the ceiling price set.

[Respondent 1] in terms of pricing, the government has set a standard price for every type of housing scheme. The private developers will sell the house up to the ceiling price set by the government. We also must be reasonable to the private sector where the cost of construction should bear by both parties.

[Respondent 1] based on the feedback by developers, there is no significant increase in the cost of materials in constructing a house. The only issue is choosing suitable land to develop affordable housing.

[Respondent 2] the quota of 30% for a private developer to build affordable housing incurred more costly to the company since the ceiling price set by the government is lower than the cost of construction.

Apart from that, there is also a where the housing scheme does not reach the right target group due to the forgery of information by the applicant. The government must establish some kind of systematic approach to ensure the housing scheme reaches the eligible income group to maximize the effectiveness of the housing program.

[Respondent 1] There is also a complaint made by the house buyer in terms of the quality of public housing. To solve this problem, we have established the Housing Tribunal where the house buyer can channel their complaint. House buyers can claim losses if they find a lot of defects in their house. Serious action was taken against the developers to a certain extent that their license could be revoked. The ministry will check the applicant's application with LHDN to verify their income and the Land and Survey Department to verify whether the applicant possesses any existing property to prove their eligibility for the program or if we called a genuine buyer.

Therefore, active collaboration with relevant parties is important to smoothen the application process and reduce red tape, but at the same time to make sure the applicant is properly scrutinised or investigated. It is also to make sure the housing scheme meets the standards and expectations of the buyer. This also ensures that any new laws, policies, and regulations enforced by the government can produce the desired result. Positive intervention in the market in regulating private developers will ensure voluntary acceptance by the company in delivering government initiatives for the benefit of society.

CONCLUSION

Overall, the current mechanism used by the government to distribute affordable housing is more convenient and able to reduce the issue of misleading information by the applicant. The system is integrated so that it can detect any forgery through linkages and active collaboration between various technical government agencies. This will make sure the housing scheme really reaches the genuine buyer and the targeted group. Besides, the administration of property development in Sarawak has managed to bring more benefits to all parties involved. The policy imposed does reflect the housing scenario faced by most Malaysians in the case of house ownership. Current housing policy is realistic in nature and effective in response to public demand at the same time control the price of normal housing in the open market.

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