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## SUSTAINABLE LIVING ENVIRONMENT FOR URBAN LOW-INCOME HOUSEHOLDS IN MALAYSIA: KEY FACTORS FOR MAINTENANCE

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### ABSTRACT

*Urbanisation is predicted to continuously increase every year. Demand for urban shelter will rise and hence this will force governments to act, within their capability, to provide affordable housing in order to maintain social and economic stability. Some industrialized countries have demonstrated full state support from planning and implementation through to continuing maintenance in order to create and sustain a healthy living environment for urban low-income households. For developing countries, this might be more difficult. Ensuring adequate maintenance to provide housing quality over the long term is proving even more problematic than simply providing housing. The question is how housing in developing countries can be made sustainable in order to provide a better living environment in the long term.*

*This study focuses on key issues of residential living environments for urban low-cost housing in Malaysia in relation to housing maintenance management. Drawing from extensive primary research and a series of interviews, this exploratory study identifies factors that must be considered by policy makers in order to provide a decent and sustainable living environment for the urban lower-income group. The outcome suggests that current systems of maintenance management – offsetting maintenance to developers or the housing communities themselves, is not working well. The government may need to continue to support low cost housing through maintenance in order to prevent deterioration of accommodation that could become future slums.*

*Keywords: sustainable, living environment, low-cost housing, housing maintenance, Malaysia.*

### 1.0 INTRODUCTION

Urbanisation is a phenomenon characterized by an increasing higher urban population compared to the total population (Salleh & Meng 1997). This phenomenon is mostly attributed to factors such as natural population growth, the transition from traditional to a modern society and changing economic activity from agriculture to manufacturing (Ha 1987; Salleh & Meng 1997; Agus, Doling & Lee 2002). Transition economic activity contributes to rapid economic development in cities as infrastructures and services are made possible. As a result, the process creates new jobs in cities for a variety of sectors and requires a range of skills. This transition process attracts rural migrants to urban areas seeking better economic opportunities in order to improve their standards of living.

Agus et al (2002) identified industrialization and urbanization as the two most important factors contributing to acute housing demand. Shortage of decent housing is the main problem and has become an enduring feature of the urbanization process. Housing is a basic necessity and has

been viewed as a vehicle that contributes to economic development, national unity and stability. It has a strong impact on the nation's social and economic welfare, since housing is not viewed just as shelter but part of an integrated social system (Ramesh, 2003). Provision for adequate housing will influence the living standards for a country and thus, influence the development of developing nations (Ha 1987).

Providing housing is the basic social responsibility of governments all over the world, especially for lower-income groups in urban areas and this poses a challenge. In addition to globalisation pressure, the internal economic situation, political and social systems, and stability will influence the capability of a country to supply affordable housing. If affordable housing is accorded low priority, there is the potential for social instability to result. Shortage of decent housing, especially for the lower-income group, will create problems in the social system which later can affect the nation's economic and political stability.

The extent of government intervention varies between countries. Whatever systems are being introduced and implemented, rapid population growth and the consequent need for housing will continuously pressure and challenge any government to provide, not only adequate quality housing but facilities and amenities as well as other development infrastructure. With improved economic development, housing quality and expectations will increase further. How the government reduces the gap between their people's expectation and what they can afford to provide will be a continuing issue. The development of satisfactory housing policies is significant as an instrument to formulate and implement affordable housing programmes; they should consider the long-term planning and the degree of government involvement. Demand for better quality living environments by the population will continue to present a challenge.

This paper offers two objectives. The first is to explore the Malaysian practice in providing affordable, accessible, adequate and decent housing for its urban lower-income households. Drawn from extensive primary research, the authors review the government's strategies and achievements. The second objective is to explore issues associated with maintenance of these low-cost housing developments, with data collected from interview surveys with the chairmen of the maintenance organisations (Residents' Associations and Management Corporations) in Malaysia.

## 2.0 URBANISATION AND HOUSING

As a starting point, it is essential to understand the fundamentals of Malaysian housing provision especially in urban areas. Economic, political and social systems are the factors that have a significant impact on any country's housing situation (Ha 1987). The provision of adequate decent and affordable shelter for the masses, especially urban low-income households, has become one of the main issues in developing countries, including Malaysia.

Malaysia is experiencing rapid urbanisation since the transformation of its economic strategy from relying on mining and agriculture to manufacturing. Since most of the economic activities are concentrated in towns, better job opportunities attract people to migrate from rural to urban areas. As a result, the urban population increases and puts pressure on the urban housing situation (Wegelin 1978; Salleh & Ming 1997).

Shortage of decent affordable housing has exacerbated the situation resulting in the urban low-income typically being housed in squatter and slum areas. Kuala Lumpur was the first city to experience high numbers of squatters. Based on data collected by Wegelin (1978), 32% of Kuala Lumpur's population in 1968 were squatters and this percentage had increased to 37% in 1971. Most of these squatter settlements were unhygienic which contributed to the deterioration and obsolescence of urban living conditions. Malaysia's concerted efforts to eradicate squatters, especially in urban areas, started in 1998 through a squatter's clearance programme. In the same

year the government announced the implementation of a "Zero Squatters by 2005" policy (Agus 2005).

The "Zero Squatters by 2005" programme was not achieved. Statistics for 2008 indicate that 86,885 squatter families were still living in Malaysia. This figure had reduced to 20% compared to 2004, which recorded 108,704 squatter families for that year. Among the states, Selangor, the wealthiest state, recorded the most aggressive reduction of squatter families. Between 2004 to 2008, Selangor had eradicated 94% of its squatters and currently, the state has only 1.4% of Malaysia's squatter families. However, a few states are recording an upwards trend of the squatter's families due to the urbanisation process. Among them are Kelantan, Perak, Penang, Kedah, Pahang, Johor and Negeri Sembilan. Johor currently has the largest number of squatter families increasing from 1,541 in 2004 to 12,565 in 2008. As the Malaysian government continues to be committed to solving the squatter issue, in line with the Nation's 2020 vision, Malaysia's new target set to achieve "Zero Squatters" is by 2020 (Malaysia National Housing Department 2008).

Low-cost housing provision is currently being coordinated by the National Housing Department (NHD) under the Ministry of Housing and Local Government's supervision. Alongside the NHD, there are other public sector agencies involved. In addition, private sector participation is sought by the Malaysian Government as a social obligation. Due to complicated land policies and ever increasing demand for low-cost housing, particularly in urban areas, the public sector has been unable to meet the targets for low-cost housing, further exacerbated by limited funding, (Sirat et al. 1999; Agus 2002). Nevertheless, the private sector has been the major contributor to the development of low-cost housing (Yahaya 1989; Yahya 1997). Table 1 shows that private sector involvement has increased since the Fourth Malaysian Plan (MP) (1981-1985) and the number of incomplete projects during the 7<sup>th</sup> MP and 8<sup>th</sup> MP have been reduced (even though the overall performance was still below the target).

Table 1: Output of low-cost housing by private and public sector in Malaysia

Malaysia Plan	Public Sector (unit)		Private Sector (unit)		Total (unit)	
	Targeted	Completed	Targeted	Completed	Targeted	Completed
2MP (1971-1975)		55,209				55,209
3MP (1976-1980)	122,200	63,020			122,200	63,020
4MP (1981-1985)	286,510	108,414	90,000	22,799	376,510	131,213
5MP (1986-1990)	103,300	58,228	370,400	88,877	473,700	147,105
6MP (1991-1995)	96,100	23,451	215,700	212,003	311,800	235,454
7MP (1996-2000)	73,300	70,000	137,000	127,514	210,300	197,514
8MP (2001-2005)	192,000	103,219	40,000	97,294	232,000	200,513
TOTAL	873,410	481,541	853,100	548,487	1,726,510	1,030,210
9MP (2006-2010)	85,000		80,400		165,400	

Source: National Housing Department, Malaysia (2007)

The majority of housing provision for low-income groups in Malaysia is provided by home ownership schemes, often sold by the public sector, public agencies, and the private sector at subsidised affordable housing prices controlled by the Malaysian government. Public housing in Malaysia is a less significant proportion of housing compared to the home ownership low-cost housing programmes. Public housing in urban areas, particularly in Kuala Lumpur, is mostly for rent, used to re-house squatter communities affected by clearance programmes and for the urban poor as well.

This paper's focus is on the home ownership low-cost housing schemes as these provide the bulk of the housing for low-income households. General issues of housing provision will be reviewed and examined in the light of interviews from those managing maintenance of these low-cost housing developments.

### 3.0 ISSUES OF PROVISION OF LOW-COST HOUSING DEVELOPMENT

Land availability, affordability and building construction costs have an impact on the location and quality of low-cost housing provision. Scarcity of land, resulting from rapid urbanisation, influences the affordability of housing developments. Where Governments control land prices, it is possible to make land affordable for low cost housing developments. Land however, is frequently used as a commodity for speculation. Central urban land can command the highest price for development. Land in Malaysia is priced by the market – making affordable low-cost housing uneconomic for urban areas. In practice, private sector companies involved in low-cost housing development cross-subsidize the cost of these low-cost units from the sale of higher cost units. As a consequence, the majority of low-cost housing estates in Malaysia are located in remote sectors or on poor quality land not considered suitable for housing for higher income families (Sudin 2002).

High urban land cost and high construction cost has limited the quality of housing development and the location of low-cost housing. To make low-cost housing accessible to low-income households, the price is controlled by the government. Low-cost housing is currently defined as a house/unit with a selling price at RM42,000 or below. Based on the location, the development may include flats, terraces or detached houses with a minimum design specification of 650 sq ft, three bedrooms, a living room, a kitchen and a separate bathroom and toilet. The target groups are households with a monthly income not exceeding RM1,500 (Malaysia National Housing Department 2008).

Table 2 shows that multi-storey housing is the most economical to be built in urban areas and today, it is the common option available in urban areas. Out of 1,396,987 low-cost housing stock in Malaysia, reported for the 4<sup>th</sup> Quarter for year 2007, 42% are multi-storey dwellings (Valuation and Property Services Department 2007) which consist of walk-up flats, medium rise and high-rise dwellings.

Table 2: Guideline for low-cost housing price according to location, target group and type of housing

Category	Unit price	Location	Monthly income of target group (RM)	Suitable housing development
A	RM42,000	Cities and largest towns	1,200 – 1,500	Flats more than 5 stories
B	RM35,000	Larger towns and urban fringes	1,000 – 1,350	5 stories flats
C	RM30,000	Small towns and urban fringes	850 – 1,200	Terrace and clustered
D	RM25,000	Rural areas	750 – 1,000	Terrace and clustered

Note: the above guideline only applies for Peninsular Malaysia  
Source: Malaysia National Housing Department (2002)

### 4.0 SUSTAINABLE LIVING – OWNERSHIP AND LONG-TERM QUALITY OF HOUSING

Premius (2005) noted that, in a review of the literature on sustainable housing, the term not only refers to ecology and the environment, it includes social cohesion, community sustainability, citizen participation and lifestyles. The quality of housing and the type of occupation (ownership or renting) have an impact on these latter elements. The long term quality of housing environments will also depend on the quality of maintenance.

Saunders (1990) noted that people have a natural preference for home ownership rather than renting and this should be a leading factor in housing policy. The decision to purchase a home, for

some people, is a major life-time investment. Therefore they tend to stay for a longer period of time and this leads them to develop deeper emotional attachment to their communities. As a result, this influences neighbourhood stability which further encourages participation in community organisations, local social interaction and attachment, property maintenance, neighbourhood satisfaction and positive expectation about the future of the neighbourhood (Rohe & Stewart 1996). The benefits of home ownership include freedom and greater control over property which are not available from renting (Rohe 2001). This greater control over one's residential environment can lead to a greater sense of control over life (Rohe, et al. 2000). Social research on home ownership identifies outcomes of neighbourhood stability, self-efficiency and satisfaction, participation, mobility and upkeep behaviour (Rohe & Stewart 1994, 1996; Rohe 2001; Saunders 1990; Glaser 1987; Cox 1982).

Home ownership has also often been cited as having a wide range of positive benefits not only for individuals but for society at large. It can create social stability which contributes to economic stability. Home owners are expected to have an interest in both consumption and investment goods (Glaser 1987; Saunders 1990, Rohe & Stewart 1996).

However most of these studies on home ownership benefits have looked at single-detached, low-rise dwellings and medium income groups. Little attention has been given to low-income groups especially those living in poor neighbourhoods or high-rise multiple ownership. A gap does exist between occupant's expectations and the realities of high-rise ownership (Wekerle, Dragicevic, Jordon, Kaszyk & Sorenson 1980) and, despite the range of benefits associated with home ownership, in reality not all people reap these benefits. Those who purchase and live in a low-value or poor housing area may not realize the economic or the social benefits of home ownership. As noted by Rohe and Stewart (1996: p 72):

*“Encouraging families with high variable or even flat income trajectories to purchase dwelling units is counter-productive: They are not likely to be able to afford them over the long run. Encouraging low-income families to purchase units they will not be able to maintain at a reasonable standard is also harmful (to the larger community).”*

Poor neighbourhood quality has been shown to create a significant negative relationship between home ownership, life satisfaction and self-esteem (Rohe & Stewart 1996). Rohe (2001) additionally found that home buyers who perceived more neighbourhood problems were less likely to participate in community or social affairs. These studies have, however, been conducted in western countries largely on single occupancy households. It remains to be studied whether home ownership in a collective living environment (multiple ownership within one building) mainly for lower-income people will elicit positive or negative outcomes. Whilst home ownership is a desirable goal, it is important that low-cost housing is maintained to a good standard in order to facilitate the development of community and social cohesion and stability.

In Malaysia, most low-cost housing dwellers come from squatter or slum communities. Most of their previous settlements were individual where people built illegal structures such as single detached or linked dwellings. They had their own space to grow vegetables and some even kept chickens. Improper structures and insufficient basic utilities were not obstacles since most of the new occupiers came from poor rural areas. Government clearance programmes offered the eligible the opportunity to purchase subsidised units – however, a new multi-storey dwelling was invariably the only option available for them in urban areas. Moving to high-rise living has generated conflicts when a few brought their earlier life style to their new housing environment. They are also unfamiliar with the concept of collective responsibilities with regard to property.

Living in a collective environment, presents a unique combination of individual and common property ownership. The management requires collective responsibilities and is highly dependent on collective action being taken by the owners. Collective ownership requires a statutory

administrative mechanism to force owners to share management responsibilities for common elements. Conflicts in housing management have been debated internationally (e.g. Wekerle et al. 1980; Lau 2002; Yip & Forest 2002; Chen & Webster 2005) and locally (e.g. Ramly, Ani & Tawi 2005; Abdul Talib & Johari 2007; Ta 2006; Ta & Mui 2007). Difficulty in organising collective action or agreement contributes to the failure of adequate housing management. As a consequence many housing blocks in Malaysia, which are still new, are often reported in the media as exhibiting dilapidation and obsolescence (Menon 2009). Lack of proper management is often argued to be the major cause of rapid physical deterioration. Not surprisingly many multi-storey low-cost housing developments are turning into high rise slums following the failure of their management.

In Peninsular Malaysia, both low-cost and non low-cost housing are governed under the same acts and regulations for maintenance. The legislation for multi-storey living requires the transfer of strata ownership from the original developer/land proprietor to the purchasers. The unit's owners are required by the act to establish an owners' organization or Management Corporation to take on the responsibility for managing the common parts of the building from the original proprietor/developer. The power of these Management Corporations is circumscribed by relevant acts i.e. the Strata Title Act 1985 Act [Act 318] and The Building and Common Property Act (Maintenance and Management) 2007 [Act 663]. Act 663 is a new act launched in April 2007 which introduced a new phase with a Joint Management Body (comprising the developer and the owners) undertaking maintenance before the Management Corporation takes control.

Once the Management Corporation has been established, the committee and the members (all the unit owners) can make a decision on their housing estate's management. They can directly manage (owner management) or appoint a Managing Agent as a third party to act on behalf of the Management Corporation. If they opt to directly manage, the Management Corporation is totally responsible for all aspects of the housing management and maintenance (except for the lift maintenance which requires a licensed contractor). According to Ta (2003), owner management will likely result in lower maintenance charges compared to third party management. The professional Managing Agent normally will charge 20% to 25% of the total maintenance charge collection as professional fees. High-rise dwellings completed with complex facilities such as a security system, swimming pool and club house normally adopt professional management because of the complexity (Ramly et al. 2005).

The ability of low-cost housing's Management Corporations to run the housing management is in question. As mentioned earlier, failure to adequately house low-income groups will affect the social and economic stability of Malaysia. Failure to maintain and sustain their living environment is likely to lead to deterioration in the people's well being. The urban low-income group owners need to learn to manage their communities in order to continue living in a healthy sustainable and stable housing environment. If they are unable to do this, deterioration of their dwellings and neighbourhoods could lead to possible societal instability which will become a major issue for the government. The Government may need to intervene to ensure the long term quality of housing is sustainable.

## 5.0 METHODOLOGY

In Malaysia, issues considered to affect housing management success are those related to financial availability, maintenance performance, the residents' participation and understanding of their responsibilities. These variables have been discussed in the context of the stake-holder's relationship (the residents, the Management Corporation and the Managing Agent) and the provision of the statutes (e.g. Ramly et al. 2005; Abdul Talib & Johari 2007; Ta 2006; Ta & Mui 2007). As stated above, little research has been undertaken relating to issues affecting high-rise dwellings with multiple ownership for low income households (see in Muhamad Ariff & Davies

2009). This exploratory study offers some insights into the issues and reduces this gap in the current research by investigating current housing management practice for these low-cost urban units.

Information related to low-cost housing management was obtained by means of interviews with the chairmen of low-cost housing owners organisations: either the Residents' Association (RA) or Management Corporation (MC) in selected urban areas of Selangor. Selangor has been selected due to its rapid economic development and urbanisation growth. Seven low-cost housing estates were chosen for study mainly located in the two most densely populated districts i.e. Petaling District and Hulu Langat District. The housing estates are referred to by the letters A, B, C, D, E, F and G. Brief descriptions, the characteristics of each housing estate, and its management structure are provided in the following section.

Chairmen were asked to express their satisfaction with the finances, maintenance performance and resident's involvement in their housing management and maintenance using a 5-point Likert scale. The second part of the interview questions were designed to measure the Chairman's knowledge of the two most important Acts relating to housing management and maintenance – the Strata Title Act 185 (Act 318) and the Building and Common Facilities Act (Maintenance and Management) (Act 663). Again 5 point Likert-scales were used to measure their knowledge level.

The final analysis discusses the four factors associated with the residents from the Chairman's point of view: (1) residents' response to the maintenance charge; (2) residents' attitude towards their housing maintenance; (3) residents' involvement; and (4) residents' awareness of the relevant housing management and maintenance legislation. Comments from Chairmen allow discussion of the factors that contribute to the key maintenance issues in order to sustain the people's well-being.

## **6.0 FINDINGS**

### **6.1 Description of the Sample**

A brief description shown in Table 3 illustrates that out of seven low-cost housing developments (LCHs), six of them have been occupied for more than 20 years. All of them are walk-up flats of four and five storeys in height without elevator facilities. The number of bedrooms varies from one to three bedrooms, or a combination, in a development.

Owner occupation ranges from 40% to 80%. The remaining units are either rented out by the owner or the unit is vacant. All the housing estates have access to common public facilities surrounding their housing estate such as a multi-purpose hall, kindergarten, sport courts and a prayer hall. These facilities are mostly provided by the public sector or agencies and managed by the respective local authority. Each individual estate may be additionally provided with a children's playground and playing court provided by the developer. The older housing estates (with the exception of LCH A and B) were originally for rental, however, units have subsequently been sold to eligible buyers.

Table 3: Description of Low-cost Housing Estate under Study

	LCHA	LCHB	LCHC	LCHD	LCHE	LCHF	LCHG
Age of buildings	< 10 yrs	> 20 yrs	> 20 yrs	> 20 yrs	> 20 yrs	> 20 yrs	> 20 yrs
Storey height	5	5	4	5	5	4	4
Number of units	200	660	926 (including 16 commercial unit)	160	60	40	32
Number of building blocks	2	22	26	4	1	1	1
Number of bedrooms	3	3	1, 2 and 3	3	1 and 2	1 and 2	3
Percentage of owner-occupied units	70%	60%	60%	40%	60%	80%	80%
Facilities provided nearby housing estate	Children's playground	Children's playground	Children's playground Court Multi-purpose hall	Children's playground Multi-purpose hall Prayer hall	Children's playground Court Kindergarten Multi-purpose hall Prayer hall	Children's playground Court Kindergarten Multi-purpose hall Prayer hall	Children's playground Court Kindergarten Multi-purpose hall Prayer hall

## 6.2 Management Moda

The selected LCHs have various approaches to housing management. Legislation requires the developer to be responsible for maintenance until the housing estate obtains Strata Title. Table 4 illustrates that four LCHs have obtained Strata Title within the last two to three years which means their management and maintenance are no longer under the responsibility of the original developers. All have conducted their 1<sup>st</sup> Annual General Meeting and set up their Management Corporation. However they have opted not to use third party services for their housing estate management or maintenance. They control the decision making and the implementation of their housing management.

Affordability is the main barrier for them in not appointing a Managing Agent. The objective is to try to avoid excessive maintenance charges and maintain the rate as close as possible to the previous charges charged by the developer. Increasing the maintenance charge is considered to create dissatisfaction among the residents, hence it is a very sensitive issue.

Management Corporations are involved directly with administrative works such as maintenance charge collection, paper work, organising payments (such as bills, invoices, and insurance and land tax), monitoring and etc. Cleaning of common areas is either done by the residents themselves (being paid salary) or is outsourced to a contractor. Repair works are commonly referred to contractors. This means that the Management Corporations' committee plays a major role and needs to allocate extra time from their daily life to run the management of the housing estate.

Table 4: Description of Management Mode for Low-Cost Housing Estates

	LCH A	LCH B	LCH C	LCH D	LCH E	LCH F	LCH G
Owners organisation	RA	RA	RA	MC	MC	MC	MC
Management mode	Owner-managed	Third-party	Third-party & Owner-managed	Owner-managed	Owner-managed	Owner-managed	Owner-managed
Maintenance Charge	RM30/unit	RM35/unit	RM15/unit	RM30/unit	RM25/unit	RM20/unit	RM20/unit
Sinking fund charge	-	-	-	-	RM5/unit	-	-

Notes: RA – Residents' Association MC – Management Corporation

The remaining LCHs (LCH A, B and C) are still under the developer's responsibility. Although, the developer is required to share the responsibility of housing management, LCH A manages their housing estate by themselves due to the residents being dissatisfied with the developer's commitment and performance. LCH B and LCH C are in the process of transferring Strata Title. LCH B is managed by the developer, who is using a Managing Agent as the finance collection agent and also to organise any repair works. LCH C has set up a Private Limited Company with 220 residents being shareholders to act as the collection agent for the developer. The establishment of this company has reduced the maintenance charges arrears. The company also receives complaints from the residents. However the repair works are done by the developer's agent.

All LCHs unfortunately experience higher expenses than are covered by the maintenance charges collected and are running in deficit. The average monthly collection is between 40 to 60 percent only. For LCH B and A, the developer has subsidised the fund. For the owner-managed, there is no other source of income and as a result they only can afford basic routine maintenance. Lack of a sinking fund will exacerbate the situation when they are not able to carry out major works such as repainting, rewiring, plumbing or other major works.

The above demonstrates different housing management approaches that have been taken by LCHs. LCHs with strata title are run entirely through a Managing Corporation. The remaining LCHs exhibit different modes of management. For instance, LCH C involves the owners, the Residents' Association, the owners (220 shareholders) private company, the developer's agent and the developer themselves running the housing management.

### 6.3 Satisfaction with Housing Management Aspects

Table 5 shows that, on average, all of the Chairmen are not satisfied with the financial provisions for their housing management. Low levels of funds collected and default payments give them a challenging situation. However this does not necessarily combine with dissatisfaction with maintenance performance. Surprisingly, three of the LCH's Chairmen who are not satisfied with the financial collection aspect are satisfied with their maintenance performance (LCH C, D and G). This is perhaps due to their being used to budget constraints.

The majority of the LCHs have low levels of owners' participation. According to the Chairmen, most of the owners who rent out their unit, are not interested in participating in the housing management even though they make the monthly maintenance charge payment. Tenants cannot officially be members of the Management Corporations and therefore they are not interested in participation although they are still invited by the Management Corporation to the annual meeting. This gives added problems to LCH D, which has a very low percentage of owner's occupying the unit (60% of the residents are tenants). The Management Corporation's committee struggles to get support from the available minority (owners).

Table 5: Chairmen of Low-Cost Housing Estate Satisfaction Levels with Finance, Maintenance Performance and Owner Participation

	LCH/A	LCH/B	LCH/C	LCH/D	LCH/E	LCH/F	LCH/G	Mean
Financial aspect	Neutral	Poor	Not satisfied	Not satisfied	Satisfied	Not satisfied	Not satisfied	2.3 (Not Satisfied)
Maintenance performance	Neutral	Poor	Satisfied	Satisfied	Satisfied	Not satisfied	Satisfied	3.1 (Neutral)
Owner's participation	Not satisfied	Not satisfied	Satisfied	Not satisfied	Satisfied	Not satisfied	Not satisfied	3.3 (Neutral)

#### 6.4 Understanding of the Acts

The government has legislated to improve the housing management. Table 6 illustrates that all seven Chairmen are aware of the existence of Act318 and understand the clauses related to housing management. They have gained their knowledge from workshops conducted by the state government and also from their developer. However, they do not understand the new Act663 (2007) due to lack of familiarity. The Chairmen of the Management Corporations also have undertaken to explain the content and import of the Acts to other residents, however low participation in meetings and ignorance by the owners has created difficulties for the Chairmen and the committees to transfer knowledge and understanding.

Table 6: Level of Understanding of the Current Acts Associated with Housing Management by Chairmen of the Residents' Associations and Management Corporations

	LCH/A	LCH/B	LCH/C	LCH/D	LCH/E	LCH/F	LCH/G	Mean
Act318 <sup>a</sup>	Neutral	Fluent	U/stand	U/stand	U/stand	U/stand	U/stand	4 (U/stand)
Act663 <sup>b</sup>	U/stand	U/stand	Do not u/stand	Do not u/stand	U/stand	Do not u/stand	U/stand	3 (Neutral)

<sup>a</sup> Strata Title Act 1985 (Act318)

<sup>b</sup> Building and Common Facilities Act (Act663)

## 7.0 DISCUSSION KEY FACTORS FOR MAINTENANCE

This exploratory study identifies that there are several factors that facilitate or discourage the maintenance of a quality living environment for urban low-income households. It is therefore, useful to consider them and ensure that all factors are taken into account for each and every development proposal. Therefore, the following key factors for housing management are proposed in promoting awareness:

### 7.1 Housing Policy, Ownership and Management

The earlier Malaysian policy to re-house the urban population should be continued with an additional policy to sustain the people's well-being. These case studies show a trend where ageing housing estates become dominated by tenants (renters) as the owners improve their standard of living and leave the estate. Left behind are the people who either could not afford to upgrade their economic status or wish to stay due to several factors such as the location and community. Not surprisingly, many of these residents (including the Chairmen) are often pensioners and senior citizens.

Reasons for the original owners to leave include moving to up-market property (they can afford to enter a higher value housing market) or, if they are senior citizens, they move to stay with their extended family. They will typically rent out their unit to family members or other tenants.

The tenants are likely to be people who are having difficulty getting access to low-cost housing and foreign workers looking for cheap units to rent (mostly unskilled labour).

The numbers of tenants are impacting on housing management. As a tenant, legally they are not part of the Management Corporation, although they (or the owner) pay the maintenance charge. They have little sense of belonging to the building and do not participate in community affairs. Foreign tenants, that are not familiar with local culture, create discomfort amongst the residents and the Managing Corporation has difficulty communicating with them.

## **7.2 Current Low-Cost Housing Delimma**

Low-cost housing development has been synonymous with minimum standards in design and construction materials, and typically provided with unattractive facilities such as a minimum standard of children's playground. All these minimum standards are contributing to expedite the wear and tear process. In addition, lack of funding for maintenance reduces the amount of maintenance performed and results in the building and its environs decaying more rapidly. With high land costs in urban areas and expensive construction materials, the developments are tailored to adjust the building cost to match the price fixed by the Ministry of Housing and Local Government. However, the long term impact is that these low-cost housing units will deteriorate quickly and will not provide a long term solution to housing low-income groups in a sustainable way.

Ideally, multi-storey low-cost housing should encourage the development of a sense of belonging and pride amongst the owners. Even though developers are required with any housing scheme to provide low cost units as part of the development, they segregate the low-cost units from adjacent medium-cost housing with perimeter fencing. This practice increases a sense of isolation and deprivation for those low-income groups and physically divides the neighbourhood. Community spirit may better be encouraged by more integration – whilst individuals care about their own unit, there is at present little sense of collective living and ownership of a neighbourhood. Housing management that encourages a sense of belonging and pride can have a significant impact on collective action.

## **7.3 Current Housing Management Practice Dilemma**

The Management Corporations for the above case studies date from before Act 663 was launched in April 2007. The long process for subdivided building and transferring the Strata Title has placed the LCHs under unduly long term management by the developer (or Joint Management Body under the new Act 663). In practice, the process takes 5 to 6 years and in some cases there are still housing estates that have not obtained the Strata Title which have been occupied more than 30 years (Ta 2003). The owners have been charged low management charge rates, and, with insufficient funds collected (sometimes being subsidised by the developer), only the basic maintenance and repair works have been carried out by the developer. As a result the Management Corporations, once Strata Title is transferred, have to accept the building in an already depreciated condition. In addition, a backlog of default payments means that accounts transferred are in deficit. With this completely inadequate situation, the Management Corporations has to undertake to set up the committee and plan a strategy to maintain their housing.

Increasing the maintenance charge is not a viable option as it can lead to disagreement among the owners, notwithstanding the problem of some prolonged default payers. These factors mean the Management Corporations cannot afford to employ professional managing agents. Without proper skill and adequate training, the committee, often comprised of retirees, nevertheless devote their time and ideas to running the housing estate management.

#### 7.4 Ownership Involvement

Residents do not necessarily share the awareness or understanding of the necessity for housing maintenance and management that exists amongst the Chairmen. According to the Chairmen, some owners expected the same quality and response they received from the previous management without knowing that the developer sometimes subsidised the maintenance cost. The residents continuously question the capability of the Management Corporation's committee but at the same time they do not want to be in the committee or even participate in the activity conducted by the Management Corporation. Some owners will pay the maintenance charges but will not participate in the committee. Others even refuse to pay the maintenance charge. Frequently they ignore their responsibilities.

#### 8.0 CONCLUSIONS

This survey has reviewed the management situation and issues affecting maintenance of seven low-cost housing units in Selangor district and highlights the current influences on the ability of low-cost housing management structures to sustain their living environment in their communities.

The government has enacted legislation requiring multiple-ownership housing estates to set up their own management structures (Strata Title). Whilst this may be effective for middle-income or higher income bracket owners, who can afford maintenance charges that can maintain the building in good condition and set funds aside for larger future maintenance expenditures, it is not proving effective for low-cost housing. In general, third party professional management has been the dominant trend in housing management for non low-cost housing in Malaysia. This study shows that, of the housing estates surveyed, owner-management is the predominant option for low-cost housing – usually set up as a means to keep costs affordable. Management Corporations of low-cost housing are inheriting bad debts and inadequately maintained properties from developers. Exacerbating the situation, these properties were constructed as low cost and poor quality.

Whilst the Management Corporations' Chairmen are reasonably confident and cognisant of their responsibilities and the provisions of the legislation, owners are not particularly interested in their collective responsibilities towards their housing estate. Owners, newly arrived from rural village living or squatter encampments, may not appreciate how to live in a high-rise collective ownership situation. They are unlikely to appreciate the necessity of maintenance nor its costs. Default payments increase the problems for the Management Corporations in running effective management and maintenance. Over time, as the owners' economic situation improves, they tend to move out of these low-cost estates, leaving their unit to be tenanted. Tenants have little interest in building community or the long-term upkeep and sustainability of their housing. Tenants may also be foreign workers, who have difficulty communicating with the Management Corporation committee.

The decline in living quality in urban areas, especially amongst urban low-income groups, is one of the major issues arising from poor management for urban developments. For living quality to be sustainable, housing policy needs to ensure adequate maintenance is carried out. Without proper maintenance these low-cost units will deteriorate and cease to provide an adequate standard of housing. The Government's effort to eradicate squatter settlements has led to the development of low-cost high-rise units becoming the norm for urban living solutions. Typically constructed as cheaply as possible to meet Government cost limits, with little consideration for long term sustainability, these units are now becoming run down due to limited funding being spent on maintenance and are likely to form the next generation of squatter and slum settlements.

To date, there has been little systematic data collected concerning the management structure of low-cost high rise urban developments for low-income groups or the practice of their

maintenance. This study forms the basis for future work that will investigate further the issues underlying satisfactory management of such developments to ensure their long-term viability and sustainability. Policy makers and relevant agencies should consider this in any development in order to avoid the deterioration of the urban low-income's living environment deterioration into slum dwellings.

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Dr Hilary Davies, FRICS has worked in the surveying profession for over 25 years. She qualified as a Chartered Building Surveyor whilst working for Local Government Departments in the UK engaged in building surveying and enforcement of national building regulations. She moved to academia and has taught at undergraduate and post-graduate level, leading a masters portfolio of degrees for 3 years at the University of Greenwich, and leading the Building Surveying honours undergraduate degree programme at The Hong Kong Polytechnic University. She now lectures in construction management and facilities management subjects at Deakin University. Her main teaching areas have been in construction technology, building materials, defects and maintenance, building performance, environmental science and facilities management. Her research is in the areas of building and environmental performance, and education quality.