# HOUSING NEWS

HOUSING RESEARCH CENTRE • Sustainable Human Settlement

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# OWNING A HOME

## Editorial

Assoc. Prof. Ar. Meor Mohammad Fared Meor Razali
**Chief Editor**

Buying a house is probably the most expensive investment in one's lifetime. If you are lucky, you will receive your dream house on schedule and with minimal defects. But at times most house buyers will receive their houses beyond the agreed date in Sales and Purchase Agreements, and need rectification works on the various defects.

For thousands of unlucky house buyers, they have to go through the agony of seeing their dream of owning a home turn into nightmarish experiences. The Ministry of Housing and Local Government listed 87 abandoned housing projects all over Malaysia as of 31 October 2009 which affected 13,731 suffering house buyers.

**Owning A Home** has been chosen as the theme for the current issue to look into policies and schemes introduced by the Government to give more protection to house buyers and increase home ownership amidst the sprialling cost of properties.

**Build Then Sell...Delivering Dream Homes With More Protection to House Buyers** looks into the pros and cons of the delivery system introduced by the Government in 1 December 2007 from the perspective of house buyers and developers. **Pricing the Priceless** dwells into Government's policy in providing affordable public housing. While, **Home For All** enlightens us on the various schemes introduced by the Government to encourage home ownership among the younger generation and the moderate-incomes group.

In Technology News, **Rainwater Harvesting System In Housing** looks into a study conducted by Universiti Putra Malaysia on public awareness in rainwater harvesting system. In the Research News, mortalerless masonry systems using interlocking block serves as an optional for effective construction materials.. While the **Grin Design** looks at the lighter side of Owning A Home.

To all Muslim Brothers and Sisters, "Selamat Hari Raya Aidil Fitri. Maaf Zahir & Batin."




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## In This Issue

From left : Ernaleza, Dr. Nor Azizi, Norliyana, Assoc. Prof. Dr. Kamariah, Wan Srihani, Dr. Nur Dalilah, Assoc. Prof. Ar Meor Fared, Dr. Fakri Zaky, Ruhaizin, Dr. Ahmad Rizal.

The Editorial Board would like to wish all Muslims

# Salam Aidilfitri 1432H

May this Aidilfitri brings happiness & barakah

# Congratulations !

**Prof. Dato' Abang Abdullah Abang Ali** who has been reappointed as the co-ordinator of Housing Research Centre and also professor of Civil Engineering, Faculty of Engineering, Universiti Putra Malaysia for another two years.

**Prof. Dr. Hjh. Rahinah bt. Ibrahim** who has been appointed as a professor effective 1 May 2011 and the Dean of Faculty of Design and Architecture, UPM effective 15 July 2011. Her field of expertise is architecture in green design informatics-integrated design and management, timber IBS and sustainable effective product development.

**Dr. Ahmad Rizal Abdul Rahman** has been appointed as the Head of Department, Department of Industrial Design, Faculty of Design and Architecture, UPM effective 18 May 2011. His expertise is industrial design in practice led design research.

**Prof. Dr. Thamer Ahmed Mohamed** has been appointed as a professor at the Department of Civil Engineering, Faculty of Engineering. His areas of interest are Hydraulic and Hydrologic Modeling, Sediment Transport, Urban Drainage and Groundwater Modeling.

**Prof. Dr. Jamalodin Noorzaei** has been appointed as a professor at the Department of Civil Engineering, Faculty of Engineering. His areas of interest are Development of new elements in finite Element Method, Computational in Non-linear Mechanics, Soil Structure Interaction Problems and also Numerical Methods In Geo-mechanics.

# Build Then Sell...
## Delivering Dream Homes With More Protection to House Buyers

Assoc. Prof. Ar. Meor Mohammad Fared Meor Razali
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**In Malaysia,** the housing delivery system is govern by the Housing Development (Control and Licensing) Act 1966 & Regulations. For decades the Sell Then Build (STB) delivery system has successfully managed to deliver homes to cater for the housing demands of Malaysia's growing population. However, along the way, housing projects have been delayed, became 'sick' or abandoned.

**One of many abandoned housing project.**

Based from a statistic by the Ministry of Housing & Local Government (MHLG), as of 31 Dec. 2010, there are 43 delayed and 228 'sick' private sector housing projects all over Malaysia. MHLG defines delayed housing projects as projects that are 10% to 30% behind schedule, while sick housing projects are delayed more than 30% than the intended schedule or the contract period stipulated in the Sales and Purchase Agreement has ended.

In another data, from 1990 to 31 Oct. 2009, MHLG also listed 87 abandoned housing projects all over Malaysia that require rescuing from other developers/contractors. These abandoned projects involved 24,569 housing units and 13,731 suffering house purchasers.

Under the STB delivery system, upon signing the Sales and Purchase Agreement (SPA) with the developer, a house buyer will usually pay 10% of the sales price before construction starts. During the construction period, the house buyer then will make periodic progress payments normally through a housing loan agreement with a bank. Problem will occur when the housing project is delayed, stalled or abandoned, and the house buyer is stuck servicing their housing loan with the bank.

In a newspaper article, National House Buyers Association (HBA) Secretary General Mr. Chang Kim Loong blames the STB system for the sick and abandoned housing projects. He argued that 'house purchasers are at the mercy of developers and shouldn't share in the developer's business risk through progressive payment' under the STB system. However, at the same time, he admits that that housing project can still fail, regardless of delivery system.

Six years ago, HBA under the stewardship of Mr. Chang, has proposed an alternative to the STB system, namely the Build Then Sell (BTS) 10:90 delivery system. There are currently two variants of the BTS – the complete BTS 0:100 and partial BTS 10:90. Under the complete BTS, the developer only sells the house when it is fully completed and ready for occupation. Whereas under BTS 10:90 system, a house buyer will only pay 10% deposit upon signing the SPA with the developer and pay the balance of the payment when the house is completed and fit for occupation. The BTS 10:90 has been implemented since 1 Dec. 2007 and the Housing Development (Control and Licensing) Act 1966 & Regulations has been amended to accommodate the new delivery system.

To encourage more developers to adopt the BTS 10:90, several perks have been introduced by the Government:-

- Exemption from paying the RM200,000 deposit for a housing development license.
- Developers are given options to build medium low-cost houses instead of low-cost houses to fulfill the construction quota.
- Fast-lane priority approvals for land conversion and subdivision, planning permission and building approval within four months.

Despite the benefits offered by the Government, most developers are still reluctant to adopt the BTS delivery system. Mr. Sam Tan, a member of the Real Estate and Housing Developers' Association of Malaysia (REHDA), lamented that the BTS concept will "hamper the growth of the property industry as well as the country's economic growth". He further explained at The Edge Investment Forum on Real Estate 2011 that "a developer who is able to build 300 houses under the sell-then-build concept will now only be able to build one-third under the BTS. Numbers of units launched will inevitably reduce." He also claimed that a "significant number of small and medium-sized developers would go out of business as the BTS concept was very capital-intensive to implement."

Mr. Leong Peng Yew of YNH Property Berhad concurred with Mr. Tan's reasoning. He further added, BTS could put pressure on houses prices and possibility of developers faced with purchasers who may not be committed to see the purchase through, since delivery is over three years. BTS may make it easy and open to speculative activity. For their 633 Residency project in Brickfields due to several circumstances, YNH Property Berhad has managed on behalf of Wijaya Spectra Sdn Bhd, a completed BTS.

When the BTS was implemented in 2007, the Government has given a transition period of two years for developers to adopt and they are free to implement either BTS or STB. After the transition period, the Government will evaluate the effectiveness of BTS and will decide whether to make Build Then Sell delivery system mandatory to developers.

**"633 Residency, Brickfields, Kuala Lumpur"**

# PRICING THE PRICELESS

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Assoc. Prof. Dr. Kamariah Dola
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**Priceless** – **"beyond value", this is when you can't put a price to something valuable, and in the context of this article, housing is something that is valuable and is sought after by everyone. Housing or shelter is one of the basic needs for every man, one of the most important needs after food. Therefore, housing and housing services ought to be provided for every individual.**

The government do plays a pivotal role in providing for low cost housing for the lower income group – either in direct housing provision (by the government) or through a series of interventions (for housing developed by private sector) to ensure the need of the lower income group is met.

In direct provision of low cost housing by the government, it can be categorised to:

**Public Housing**

1. Public low cost housing
2. Site and services scheme
3. Government quarters

**Rural Housing Development**

1. Village rehabilitation programme
2. Traditional village programme
3. Regrouping programme
4. Rural growth centre

These units of low cost houses are meant only for a small portion of people in the lower income group. There are significant number who are not eligible or have no access for these kind of schemes. Therefore, they have to purchase houses that are available in the market – sold by the developers. In most cases, those in the higher income bracket have little problem in acquiring and owning houses. The concern is therefore to those in the lower income bracket who has little means to access to the houses sold in the open market. For these individuals, a house can be considered as a priceless good.

Malaysia practices a mixed-economy system where substantial urban land is acquired by developers, privately owned and developed for maximum returns. Therefore, to ensure regulated urban development and efficient land use, the government has adopted statutory powers to control urban development and the use of land (Keivani,R & Werna,E, 2001). This means that the government will not be providing all services and amenities for the public but the private sector plays an important role in providing services and goods to the public when they develop an area. And this includes the provision of low cost housing.

The most important aspect in low cost housing is the selling price which has been pegged at RM25,000 per unit since 1982. This has been the issue as the initial selling price is way too low for the developers as they had to subsidise the development cost hence increasing selling price of other houses.

These developments are mostly done on privately owned land, which are limited, scarce and irreplaceable commodity. Addressing the issue of rising land cost, the Government decided to revise the selling price of low cost housing. The new selling price is structured within the philosophy of differences of land price in different areas.

The latest guideline on the price of low cost housing by the Ministry of Housing and Local Government (amendment) 2002 is illustrated in Table 1.

However, this guideline is subject to the approval by the State Planning Authority, which is the state government.

An example of the pricing of low cost housing for sale as practiced by the state is as in Johor:

**Johor Low Cost Housing Development Policy**

The state government has resolved that every development has to allocate a certain percentage for low cost units according to area size :

- More than 5 acres : 40 %
- Between 3 to 5 acres : 20 %
- 3 acres and less : Exempted

The current housing policy also indicates that the allocation of low cost housing within MBJB (Majlis Bandaraya Johor Bahru) and other local authorities in Johor is according to different composition and pricing control as in Figure 1.

| SELLING PRICE PER UNIT (RM) | LOCATION/AREA LAND PRICE/M2 | INCOME LEVEL OF TARGET GROUP | TYPES OF HOUSES SUITABLE TO BE BUILT |
|---|---|---|---|
| 42,000 | A<br>City and major towns<br>(RM45 and above) | 1,200 – 1,500 | Flats above 5 storey |
| 35,000 | B<br>Major towns and fringes<br>(RM15 – RM44) | 1,000 – 1,350 | 5 storey flats |
| 30,000 | C<br>Small towns<br>(RM10 – RM14) | 850 – 1,200 | Terrace and cluster |
| 25,000 | Rural areas<br>(Less than RM10) | 750 – 1,000 | Terrace and cluster |

**Figure 1: Pricing according to location, income level and type of houses**

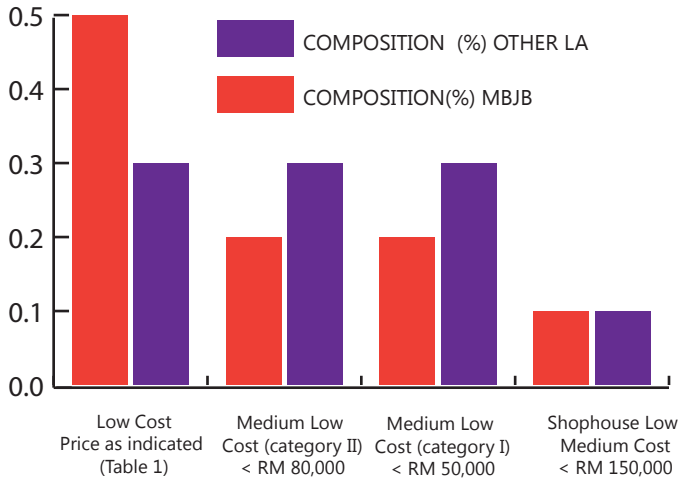



**Figure 1: Composition of Low Cost Housing Provision**

Apart from the policy and composition of low cost housing provision, there is a recent amendment on the selling price of low cost units in the State of Johor as presented in the Majlis Mesyuarat Kerajaan Johor on 21 May 2003. The meeting has decided (Ringkasan Mesyuarat Bil 1174/2003) the new pricing for low cost units is as in Table 2.

| DISTRICTS/AREA OF DEVELOPMENT | FLOOR AREA | SELLING PRICE |
|---|---|---|
| Within the Johor Bahru district | 680 ft² | RM35,000 |
| Within Muar, Batu Pahat, Kluang, Segamat,Pontian, Kota Tinggi and Mersing district | 680 ft² | RM30,000 |
| Small town within Muar, Batu Pahat, Kluang,Segamat,Pontian,Kota Tinggi and Mersing district | 680 ft² | RM28,000 |
| All the districts where the developers are given the Planning Permission (SBKS) for 500 units or more Low Cost Houses for 10% of the total development. | 680 ft² | RM25,000 |

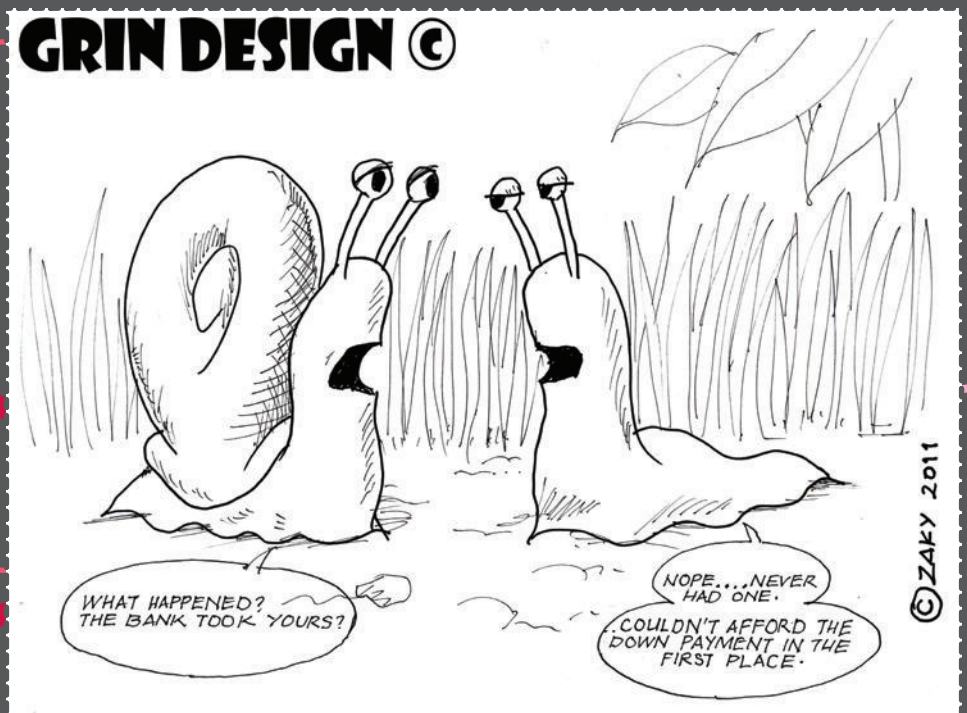
**Table 2 : Selling Price of Low Cost Houses in Johor Area**

| SELLING PRICE | TYPE OF UNIT | INCOME LEVEL (eligibility) | FLOOR AREA |
|---|---|---|---|
| RM25,000 & RM28,000/unit RM30,000 & RM35,000/unit | Low Cost | <RM2,000/month <RM3,000/month | >680 ft² |
| <RM50,000/unit | Medium Low Cost (category I) | <RM3,500/month | > 750 ft² |
| <RM80,000/unit | Medium Low Cost (category II) | <RM4,500/month | > 850 ft² |

**Table 3 : Eligibilty and the Type of Low Cost Housing**

Table 3 illustrates eligibility of buyer to different types of housing according to income bracket. It is believed that the new pricing has some advantages over the fixed pricing of RM25,000. One main reason behind that is the flexibility that will encourage more investment of low cost housing for sale at areas with high land value. Another reason, this will ensure that low cost houses are also built around the prime areas and without the developer having to compromise so much on the profit margin. As for the actual implementation, the pricing guideline that is practiced in Johor will also ensure adequate supply of affordable houses for people at different income levels (but is still within the lower income bracket) and is consistent throughout the city centre regardless of the land value. The concept of mix housing is still applicable here.

It can be concluded that at the end of the day, the implementation of this guideline is still within the state government's jurisdiction. The pricing policy will have to be formulated in accordance with the respective state's socio-economic condition. Since this amendment was made almost ten years ago, it is suggested that there should be another revision, considering the flux in our currency, poverty line, and inflation level. This is to ensure that the implementation is well suited with the state's socio-economic condition and meet the need of our masses. To sum up, this effort on the new pricing for low cost housing is a good effort in trying to find a balance in the issue of profit and social responsibility and to ensure that this priceless good for the lower income people is highly accessible.



# HOME FOR ALL

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**Property growth** that has been gripping Malaysia these days has made housing developments within urban areas to be priced for those with extensive financial wealth. It is increasingly difficult nowadays to search for a decent home costing below RM220,000 in the Klang Valley.

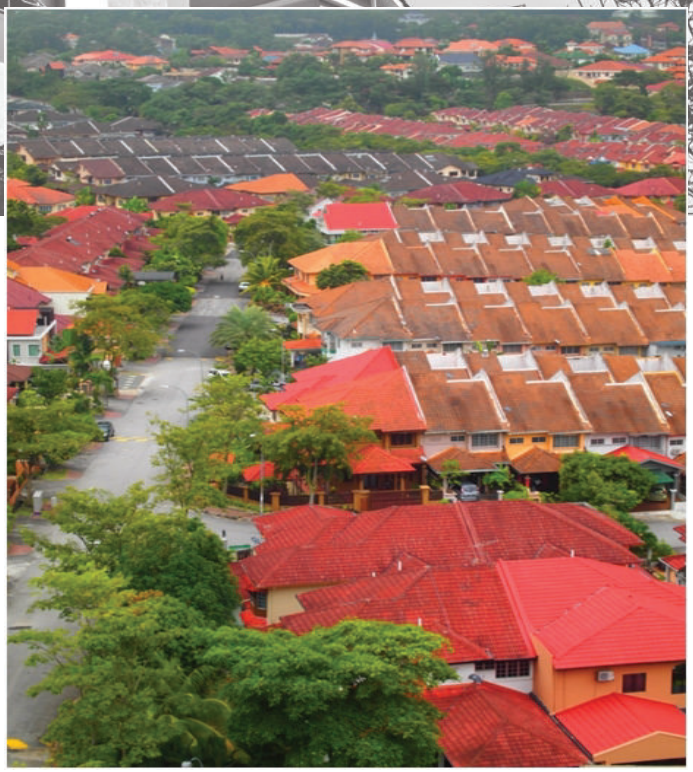
It is no myth that a family earning RM6,000 – 8,000 still cannot afford to buy a house in urban areas, hence some are willing to commute by buying houses in nearby satellite cities for quality and comfort of a house which is affordable to them.

Due to this situation, the Malaysian government, announced in the 10th Malaysia Plan as well as in the Malaysian Housing Policy that featured 6 thrusts and 20 policy statements, its intention to provide adequate affordable housing scheme.

It guarantees that young adults that have just started working with a salary of RM3,000 and below to be able to have access to quality affordable housing with 100% financing in a 30-year repayment period.

Recently in March 2011, as an initiation in response to the predicament that is faced by the younger generation, our Prime Minister has launched "My First Home Scheme", that aimed at fresh graduates who earned less than RM3,000 a month to obtain a 100% loan. The scheme is only eligible to applicants below 35 years old who seek to purchase residential property costing between RM100,000 to RM220,000.

> **"The scheme is only eligible to applicants below 35 years old who seek to purchase residential property costing between RM100,000 to RM220,000."**



> **"Recently 20 more sites, such as in the area of Rawang and Seremban, have been identified to construct 42,000 houses with this scheme."**

Later in June 2011, to show the seriousness of government in ensuring that people of medium income group also have access to affordable housing, another scheme is initiated. A site in Sungai Besi area, renamed Bandar Malaysia, is chosen to allocate Perumahan Rakyat 1Malaysia, (a site located just at the peripheral of Kuala Lumpur) or better known as PR1MA (1Malaysia Housing Programme).

It is specifically targeted for the moderate-income Malaysians earning less than RM6,000 with the houses priced at RM220,000 – RM300,000 a unit. The offered units will be of 3-bedroom condominium with a total built-up area of 850-1000 sq ft. The site assigned will be developed by a reputable developer – YTL Land & Development with other high-end houses listed from RM1.8 million and above.

PR1MA offers condominium units below the market value as these units are for first time buyers. Recently 20 more sites, such as in the area of Rawang and Seremban, have been identified to construct 42,000 houses with this scheme. Reputable developers such as Sime Darby, Putrajaya Holdings and SP Setia have been approached to join force in making this scheme a success.

It is hope that these initiations will not be just another ostentatious schemes which began as a good intention but later slide to oblivion due to the developers' maximising their profits.

Technology News

# RAINWATER HARVESTING SYSTEM IN HOUSING

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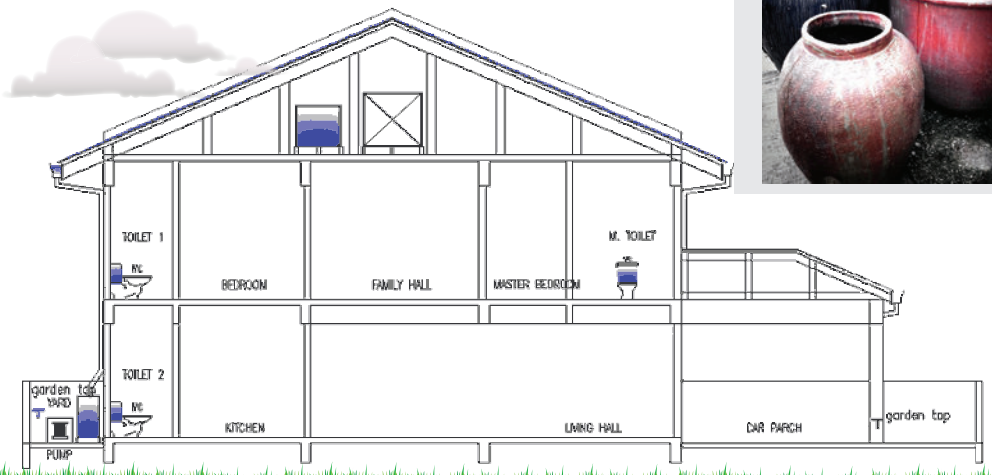
**The public awareness** of environmental impacts of stormwater runoff and interest in green building practices has promoted the use of rainwater. However, implementation of rainwater harvesting system (RHS) in housing is facing many challenges; perhaps therefore very few households in Malaysia are adopting it, particularly in urban areas. A study conducted in Universiti Putra Malaysia on a hosing project located in Kota Damansara confirms that the public awareness about the advantages of using rainwater harvesting system in housing is low. Rainwater harvesting systems were included in a pilot housing project located at Kota Damansara. The majority of the households (about 66%) of the housing project were dismantled the system. Among the reasons given by the households to dismantle the rainwater harvesting system are the space occupied, maintenance, aesthetic and consumption of electrical power. The consumption of electrical power increases the monthly bill.

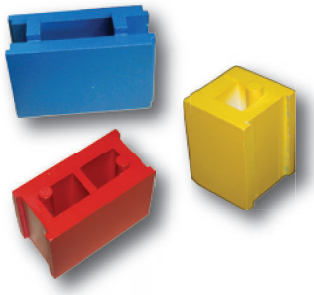
This is because the system is designed to work using a pump. The function of the pump is mainly to transfer the stored rainwater from the ground tank to an elevated tank at house roof. This reveals that the current design of the system is not acceptable by households and a new simple, efficient and cheaper system must replace it in new future projects. The new design must jointly be prepared by civil engineer and architect. Currently some systems were designed to be very sophisticated and expensive. For example a system designed to work by gravity can help to eliminate the pump from the system. Also, this design will remove the sensors, switch, wiring and locate it away from household's daily activities. This could resolve the issues of spacing, aesthetic, cost effectiveness, saving energy and user friendly. Usually, only half of the roof of a house is used as a catchment to collect the rainwater. For household with higher water demand, it is recommended to make use of the whole roof area. This will help to increase the collected rainwater volume and reliability of the RHS. The impact of increasing rainwater coverage will significantly conserve potable water and promote sustainable usage of water.

**Natural way of water harvesting.**




Research News

# CONSTRUCTION MATERIAL - CONCRETE BLOCK



Dr. Nor Azizi Safiee
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**The role** of the housing industry not only to provide a shelter to human being but also as a key facilitator to economic growth, industrialisation and urban development. Quality housing becomes one of major issues in housing industry nowadays. Generally, house with higher/better quality will cost us an expensive price. Due to this situation, the Ministry of Housing and Local Government has promote the affordable quality housing since 2000s. Based on Malaysia Plans, government will continue to ensure sufficient quality and affordable housing for all citizens, especially for those in the lower income group. The government will build approximately 43,800 units of low cost houses through Program Perumahan Rakyat. This will be complemented by the building of approximately 29,000 low and medium cost houses by Syarikat Perumahan Negara Berhad. Depending on situation, the demand for the construction material such as concrete block will increase. Hence the search for fast, safe and economical masonry system becomes a necessity to meet the demand for housing in Malaysia.

The construction material has undergone changes where designers now have a variety of choices from the types of block to types of construction. Masonry construction has been used since decades ago as a common construction material worldwide. Masonry structural elements can be constructed by using conventional and non-conventional masonry blocks. Conventional bonded masonry system can now be replaced with mortarless masonry systems using interlocking block. Interlocking block mortarless wall systems can be defined as walls made of assemblages of interlocking block unit without use of any mortar or adhesive material at interlayer between courses. Normally non-conventional masonry blocks are specially designed by introducing interlocking keys so that it can eliminate the use of mortar. Through the application of non-conventional blocks the construction cost can be reduced and will speed up the construction process due to the elimination of the mortar layer. In addition, the walls can be assembled much faster by unskilled workers as compared to mortar masonry construction due to the self aligning of the interlocking hollow blocks. This will encourage the possibility of building house at affordable prices.

# News

**UPM-HRC received** endowment from NAIM Holdings Berhad for research and development of the Industrialised Building System (IBS). The initial amount of the endowment is RM 500,000. During the ceremony, UPM Vice Chancelor, Dato' Ir. Radin Umar Radin Sohadi received the cheque replica from Datuk Abdul Hamed Sepawi, Chairman of NAIM Holdings Berhad. The MOU signing ceremony on 30 June 2011 was held at the Faculty of Engineering and witnessed by the Minister of Higher Education of Malaysia, Datuk Seri Mohamed Khaled Nordin.


**The Editorial Board** of Housing News has visited the Idea House by Sime Darby Property, located in Denai Alam, Shah Alam, Selangor on 28 July 2011. From the visit, the board gained a lot of information and knowledge on the sustainable approach used in the Idea House.

> "The Sime Darby Idea House is a socially, economically and environmentally responsive prototype dwelling that would provide an insight into future tropical living." - Sime Darby Property

# Upcoming Events

## Seminar on Affordable Quality Housing 2011 : The First-time Home Buyers.

12 November 2011 (Saturday)
Kuala Lumpur

mSET | UPM Housing Research Centre

## International Seminar on Sustainable Tropical Environmental Design (SUSTED) 2011

16-17 November 2011 (Wednesday & Thursday)
Lecture Hall, Faculty Of Design And Architecture, UPM
http://www.frsb.upm.edu.my/susted/

SUSTED '11 | Fakulti Rekabentuk & Senibina

## 3rd Regional Symposium On Engineering & Technology 2011

SET Regional Symposium on Engineering & Technology 2011

21-23 November 2011 (Monday-Wednesday)
Hilton Hotel, Kuching, Sarawak
http://www.mset.org.my/RSET2011/

## 3rd International Conference On World Class Sustainable Cities (WCSC) 2011 : 'Transforming Cities - From Vision To Implementation'

20 September 2011 (Tuesday)
Sime Darby Convention Centre (SDCC), Kuala Lumpur
http://www.rehda.com/events/wcsc2011/

WCSC2011 | REHDA | PAM | MIP