

**HOUSING POLICY IN MALAYSIA: CONDITIONS,
PERSPECTIVES AND ISLAMIC VALUES**

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**The candidate confirms that the work submitted is his own and that appropriate
credit has been given where reference has been made to the work of others.**

(ii)

VOLUME I

ABSTRACT

This study concerns housing policy and focuses on strategies and issues around affordable housing for Malaysia's poorer households. The thesis firstly reviews experiences across Third World countries, including selected Newly Industrialised Countries and Muslim countries. Analysis appears to show that provision of affordable housing for low-income households has been inhibited by land arrangements, finance, and allocation systems or roles of "gatekeepers". Of particular interest are self-build housing solutions in poorer societies. The impact of Islam, however, does not immediately stand out strongly from Muslim countries studied.

A second focus of the thesis is on applicability of Islamic models in the field of housing. Islamic ideas seem important to Malaysia, a society with official commitment to Islamic values. Islamic models are viewed from perspectives of religious traditions, distributive justice, moral obligations, value systems governing a state, etc. Discussion of "Islamic dimensions" in housing policy - finance practices, land arrangements, and so forth - attempts to draw out Islamic ideas and open up approaches to low-income housing, to the style, planning and provision of housing.

A third concern for the thesis is with perceptions within Malaysia. Field surveys involved contacts with "influentials" - at administrative, managerial or policy formulation levels - and the grass-roots: households in new neighbourhoods and traditional villages. Information covered experiences, and perceptions about Islamic ideas in action, and provides insights on issues raised in the work on policy and on Islamic models. Influentials appear to negotiate for themselves a balance between Islamic beliefs and pressures on policy development. At grass-roots, some households seem open in accepting modern values and in interpreting Islamic values in the context of time and place. Islam and modernity emerged as important theme from the field work, both from the perspectives of "elite" and "grass-roots" Muslims in Malaysia.

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List of abbreviations used in the text

ADB	Asian Development Bank
AH	After Hijrah
BTS	Build Then Sell
BHMFB	Borneo Housing Mortgage Finance Berhad
C.M.	Chief Minister
CAGAMAS	National Mortgage Corporation
CNEL	Caisse Nationale de Epargne Logement
CPF	Central Provident Fund
CCD	Council for Community Development
CAP	Consumers' Association of Penang
D.O.	District Officer
DTCP	Department of Town and Country Planning
EVGL	Housing and Local Management Unit
EPU	Economic Planning Unit
EPF	Employees Provident Fund
ER	Executive Respondent
FAHP	Fund for Abandoned Housing Projects
FALCH	Fund to Accelerate Construction of Low-cost Housing
FELDA	Federal Land Development Authority
FOGI	Fund for Housing Guarantees and Credit Supports
FONHAPO	National Fund for Popular Housing
FOVI	Banking Discount to Housing
FOMCA	Federal Organisation of Malaysian Consumers' Association
GDP	Gross Domestic Product
HDA	Housing Developers Association
HR	Household Respodent
INDECO	Development of the Community
INTAN	Institut Tadbiran Awam Negara (National Institute of Public Administration)
IFBC	Interest Free Banking Scheme
JPBD	"Jabatan Perancang Bandar dan Desa"
Kampong	village

KEMAS	Community Development
KHNB	Korean National Housing Bank
KIP	Kampong Improvement Programme
LARP	Land Re-adjustment Project
LHDRP	Low-cost Housing Development Revolving Fund
LUTH	Lembaga Urusan dan Tabong Haji (Pilgrimage Fund and Management Board).
MARA"	Majlis Amanah Rakyat"
MBSB	Malaysian Building Society Berhad
MCA	Malaysian Chinese Association
MDK	Majlis Daerah Kemaman (Kemaman District Council)
NEP	New Economic Policy
NDP	National Development Policy
NCCH	National Consultative Council on Housing
NHF	National Housing Fund
NIC	Newly Industrialised Country
OPP	Outline Perspective Plan
PAKR	Perumahan Awam Kos Rendah (Public Low-cost Housing)
PAS	Pan Islamic Party
pbuh	peace be upon him
PWD	Public Works Department
REDF	Real Estate Development Fund
REPF	Regional Economic Development Fund
RHCU	Rural Housing and Construction Unit
RISDA	Rubber Industry Smallholding Development Authority
RM	Ringgit Malaysia
SCC	Sabah Credit Corporation
SEDC	State Economic Development Corporation
SLCHP	Special Low-cost Housing Programme
SOPP	Second Outline Perspective Plan
SPPK	"Syarikat Perumahan Pegawai Kerajaan"
THLP	Treasury Housing Loan Programme
TPPT	Tabong Projek Perumahan Terbengkalai (Fund for Rehabilitation of Abandoned Housing Projects)
TV	Traditional Village
UCD	Urban Community Development

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UCDO	Urban Community Development Office
UDA	Urban Development Authority
UK	United Kingdom
UMNO	United Malay National Organisation
UNCHS	United Nations Centre for Human Settlements
UPEN	Unit Perancang Ekonomi Negeri (State Economic Planning Unit)

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CHAPTER ONE

RESEARCH AIMS AND METHODOLOGIES

This thesis is an empirically-orientated investigation concerned with issues relevant to social policies. The writer has drawn on a range of sources - including his own field survey - to construct an account of selected features of Malaysian housing experience. Key areas of interest for this research have been the provision of housing for low-income households, the roles of financial arrangements and "gatekeepers", and relationships with Islamic values. The research on Malaysia has been reinforced by some "comparative" enquiries.

The present introductory chapter has four functions:

- (a) to set out the main targets for the thesis (1.1 below);
- (b) to outline the research methods used, and to note their limitations (1.2 below);
- (c) to explain the layout and content of subsequent chapters (1.3 below);
- (d) to give a brief opening overview of Malaysian housing policy development issues, in the context of some general trends and ideas, bearing in mind Islamisation policy (1.4 below).

1.1. The objectives and contributions of the thesis

This thesis investigates policy issues, experiences, and beliefs related to housing. Although questions of theory are referred to from time-to-time, the thesis is not about social theory. The new contribution to knowledge and ideas being offered is in terms of bringing together previously weakly-related issues, synthesising and analysing across a wide range, and exploring some neglected territory (particularly for Malaysian scholars). Research for this thesis was initially motivated primarily by a focus on policies and planning strategies for housing Malaysia's poorer households, and this remained important. The work broadened out, however, to take account of the

complexities of the policy scene, and to connect issues around affordable housing with other topics. In particular, considerable space is given to features and implications of Islamic value systems, and to relating these to housing policy. Previously this has been a relatively neglected concern in housing scholarship, although potentially important in many developing countries. The most distinctive part of the fieldwork has been an attempt to include coverage of perceptions about Islam amongst issues discussed with informants. For a group of selected key housing "influentials" interviewed, this provides some insights into how the values of Islam may be being acknowledged or renegotiated in relation to ideas about markets, modernisation, and so forth.

The main targets for the thesis are summarised below in three separate subsections, and then followed by an outline of conclusions from the research.

1.1.1. Review of housing policy developments and options

The thesis firstly set out to review recent housing policy developments, traditions and issues in Malaysia, against a backcloth of experiences across developing countries, paying particular attention to affordability and distributional concerns. This was intended to make possible an overview of key policy topics and constraints for Malaysian housing, with particular regard to housing for low-income households. The thesis was to consider some aspects of policy "performance", and attempt to identify factors likely to have been crucial in influencing access to housing by low-income households. This might also facilitate an understanding of any appropriate future policy options.

1.1.2. Islamic values

A second objective - which became a more significant one as research progressed - was to relate housing to Islamic ideas. The thesis explored the applicability and relevance of Islamic values and models in the field of housing, bearing in mind the key policy topics and constraints indicated in the policy overview. The central question to be asked here was: "In what ways - if any - might Islamic ideas open up particular approaches to the difficulties of low-income housing, to housing finance, or to the style, planning and provision of housing generally?"

A related target for the thesis was to consider how far Islamic values had operated so far to modify or shape any of the central features of policy or the constraints on access by the poor, in a society where Islam is regarded as extremely important.

1.1.3. Experiences and perceptions

The third goal was to obtain new material on experiences and perceptions, both at "grass roots" level and amongst knowledgeable informants at administrative, managerial or policy-formation levels. Research on experiences and perceptions would use interviews to provide insights on issues raised in the work on policy and on Islamic models. It was hoped that it would indicate how land, finance, access, and Islamisation policies were viewed, as well as illustrating the extent of the impact of Islamic values in the housing context.

1.1.4. Conclusions from the research

From analysis of Malaysian housing, and circumstances in other developing countries, it appears that key factors (apart from poverty itself) inhibiting the provision

of affordable housing for low-income households are land arrangements, finance, and the roles played by various "gatekeepers" or allocation systems.

In Malaysia, despite low-cost housing programmes undertaken or facilitated by government, there are claims that the poor have not benefited as much as might be expected. Affordable housing is constrained by financing practices in the mainstream finance sector, while government's special programmes have had only limited impact. Options such as Islamic financing or land management practices, or recreating traditional Malay dwellings, might offer ways forward, but have not had much effect so far. Westernisation and market approaches have been significant. Furthermore, in situations of shortage of supply of affordable housing, there is a belief that competition over access has encouraged housing to become a political instrument of patronage. One important perception of policy implementation here is that the role of "gatekeepers" may have been taken by local politicians.

Islamic models applicable to housing can be developed around the notion of fixed fundamental values (in the Shari'ah) supplemented by more variable or relative values specific to time and place. Housing from an Islamic standpoint has wider functions than providing shelter alone, and could be viewed from perspectives on religious traditions, distributive justice, moral obligation, and so forth. This makes Islamisation a potential lever for improving provision or opportunities for low-income households - even though there could be disagreements over interpretations - but it does not seem that this leverage has developed very far yet in Malaysia. At a practical level there are types of finance and land arrangements that might be preferred, and some which would attract criticism (such as "usury"). At the broader level, perhaps it is unlikely that fragmented societal structures, with high levels of inequality, could fit comfortably with an Islamic model. On the other hand, various practical modifications can be seen in areas like finance, to accommodate the views of Islam alongside modern arrangements for raising, using and rewarding capital. In effect there appear to be gradual processes of adjustment taking place. Interviews with selected "influentials"

suggest that they may negotiate for themselves a balance between Islamic beliefs and other pressures on policy development. At grass roots, interviews with households suggest that some seem "open" in accepting modern values and in interpreting Islamic values in the context of time and place. The impact of Islamic values and practices in housing has to be appraised in particular contexts.

A final conclusion arising from the thesis is that understanding modern Islam probably requires studies of ideas in action at several levels, in very specific circumstances. The field of low-income housing provided an excellent setting for such a study.

1.2. Research methodology

1.2.1 Review of written materials on Malaysian housing policy

The study reviewed readily available information on housing policy in Malaysia. There is no detailed, comprehensive academic text on conditions, or a good published history of policy, so it was necessary to draw on a scatter of governmental and other materials. Unfortunately - given the research time scale - no attempt could be made to locate any historical archives. It was useful, however, to look at three previous theses, and a brief comment is made on these now: Johnstone (1979), Azizah (1985), and Nurizan (1989).

The focus of Azizah's and Johnstone's works was squatter problems. Azizah dealt with Malay squatters in two locations in Kuala Lumpur. The themes were about struggles of Malay squatters, especially their attempts to retain land they occupied illegally, through legal rights under Malay Customary Land Law; and how they gained access to basic urban amenities and services. She employed a case study method. According to Azizah, there was no evidence to associate Malay squatters with traits of

the "culture of poverty" theory of Lewis¹. Malay squatters were organised at family and community levels and integrated into the mainstream of urban society. Johnstone's thesis dealt with squatting in three major urban centres. Among findings relevant to our thesis was material on land tenure patterns in squatter settlements, complicated by private ownership, and legal and illegal occupation in Malay Reservation, and State land. Other findings concerned how, in Malay society, house building and occupation could occur without rent, or with a nominal rent, without contract and sometimes without explicit permission. Nurizan's work examined the role of government in housing provision for the urban poor. Studies were conducted in two housing communities in two states. The findings were that the states accorded low priority to funding public housing compared with the priority accorded to construction of medium and high cost housing. Families who could not afford public housing were forced to stay in squatter housing.

These theses are unusual in providing detailed information on complex housing issues. Most of our documentary sources have been more limited in depth.

1.2.2. Cross-countries survey of housing policy

Looking at experiences outside Malaysia required further literature review. The aim was to deepen understanding of issues and options. Kohn argues that "cross-national research" is valuable, forcing us to revise our interpretations "to take account of cross-national differences and inconsistencies that could never be uncovered in single-national research." (Kohn,1989:p.77). Gilbert too (1991) has pointed to advantages of cross-country study. Study of different policy approaches by differing countries may answer questions of what seems to work or not work in

¹She noted that the culture of poverty model of Lewis explained the life style of the urban poor as "a way of life handed from generation to generation", and that Lewis characterised the poor as having a minimum level of organisations beyond the nuclear and extended family. (see Azizah, pp. 16-17).

practice. We may consider attempted solutions by countries to housing problems, what they have in common, differences, etc. Mayer and Greenwood note that "Knowledge of prior efforts of a country helps to identify constraints as well as consequences" and to articulate "alternative courses of actions which might be along similar or identical lines suitable to the country's environments" (1980:p.98).

Sixteen "Third World" countries (TWCs) were selected for cross-country study. Analysis was based mainly on the available literature near the time the present research began (although attempts were made to update from later publications to a limited extent). The objective in "internationalising" the study was not really to compare housing policies and practices (cf Kohn, 1989, who treated cross-national research as synonymous with comparative research). The aim was more modest: to examine countries' strategies, successes and failures with particular policy instruments.

1.2.3. Analysis of Islamic traditions

The analysis of Islamic tradition was approached through trying to identify a "model" of Islamic systems relevant in housing, and the value systems governing a state. One objective was to search literature for options that might be thought applicable for Malaysia, in the light of Islamisation policy. The boundaries of this thesis were reflected in the analysis of the Islamic, in that it focused on the roles of bureaucracy or gatekeepers, land and finance, and some general issues such as housing and family systems, design ethics and norms in Islamic housing. Sources used also reflected the Malaysian focus.

1.2.4. Case study research: field survey

A local case study was chosen because of several considerations. Firstly, there seems to be a consensus that a case study method can be useful when the study is to take account of contextual conditions: "when the focus is on a contemporary

phenomenon within some real-life context" (Yin,1994:p.1). It allows room for a more complete understanding of a situation's complexity by examining behaviour or preferences in context (Majchrzak,1984:p.63). Secondly, a case study has advantages when an investigator has limited time or resources. The short time of three months available for the field survey seemed suitable for a local case study (see also 1.2.5). Thirdly, detailed material was hard to obtain in Malaysia for the issues being considered, so it was hoped that an in-depth local investigation would add significantly to knowledge of outlooks and conditions.

The case study research sought perceptions of households relating to issues such as accessibility of the poor to low-cost housing, power and politics in housing, Islamisation policy and housing policy reform. The location selected was Chukai Town, in Kemaman, Terengganu. Two groups of households were selected: (i) households in two separate public low-cost housing areas, and (ii) households in four traditional "urban villages". Terengganu is one of the strongholds of Islam. More than 90% of the population are Muslim and mainly Malays. It was hypothetically expected that the people might be aware of Islamic values and norms. From the perspective of politics, it is a dynamic area where two main rival political parties are dominant, the National Front - a coalition party which is a ruling party - and the Pan Islamic Party, which has a substantial State Assembly constituency. Given the intense political competition, the locality provided an interesting ground to "test" ideas about politics and gatekeepers. Economically, it is quite a successful state where major industrial complexes are located, but there is also a large fishing population.

1.2.5. Interviews with key informants/"influentials"

The second fieldwork survey was with officials in the public, voluntary, religious and private sectors, who were either directly involved in housing or who had interests in housing. Official respondents were mainly in Kuala Lumpur, but also in Terengganu State. These Terengganu officials were included for two reasons. Firstly,

as the implementors of housing policy, their inclusion would provide a link with case study work on households in that state. Secondly, they were working in a place where Islamic issues might be expected to be prominent in local policy debates.

The field work with households and key informants was carried out within a very compressed timescale, since the author was only expected to return home from the UK for a strictly limited period. Some "follow-up" correspondence was therefore used for the latter. In addition, to "verify" the interview records with key informants, interview transcripts were posted to all "influentials". (See Appendix 1.1)

1.2.6. Interview questionnaires/schedules

Two different schedules of questions were designed for the two respondent groups, but with similar themes. For "influentials" the schedule was divided into two sections. Section One comprised 12 "key questions", sub-divided into 3 major headings: Housing Policy and Distributional Issues; Life-style, Design and Alternative Housing; and Islamic Values in Housing. Section Two comprised additional questions: on adequacy of low-income housing policy, traditional housing, self-build and Islamic land tenure. (For the full schedule see Appendix 1.2.) Twenty-five "influentials" or officials were interviewed, and the approach was fairly open-ended, in the hope of achieving depth and useful insights. (References to specific informants are numbered in brackets in subsequent chapters as ER - Executive Respondent.)

For "grass-roots" household respondents, the schedules of questions diverged slightly according to household group: households in public low-cost housing (see Appendix 1.3), and households in traditional villages (see Appendix 1.4). Nonetheless, questions for both household groups addressed similar issues, ranging from tenure and financing to understanding of housing policy. Respondents for a total of 41 households were interviewed, selection of households within the chosen areas being random (with two exceptions). Both for household informants and "influentials", no claim is made

about representativeness in strict terms. We cannot even guarantee that the officials chosen were influential, but they were certainly knowledgeable! Throughout, the aim was to obtain insights rather than a statistical record. (References to specific household interviews are numbered in subsequent chapters as HR - Household Respondent.)

The separate Appendices to the thesis contain records from interviews. It should be noted that some discussions were in Malay and some in English language, but that the latter followed current Malaysian usage of English, which does not match standard UK form. For presentation in Chapter 5, however, the wordings have been amended slightly where necessary.

1.3. Organisation of chapters

Of the chapters that follow, two examine housing policies in selected Third World countries (TWCs) and in Malaysia: Chapter 2 and Chapter 3, respectively. Chapter 2 indicates that policy directions and actions by governments are influenced by social and economic realities, resources, government macro-policies and attitudes toward housing and political factors, and that land arrangements and financing systems influence access to affordable housing. Chapter 3 summarises key features of the Malaysian housing policy landscape, revealing problems and trends. Chapter 4 presents Islamic models and value systems, looking back at Islamic traditions and practices in respect of government, bureaucracy, housing, finance and land policies. The significant concern here, the chapter argues, is the Madinah model, attractive for Muslim countries today in some respects.

Chapters 5 and 6 discuss findings of the fieldwork with key informants and households. Chapter 7, the conclusion, argues that evidence suggests some acceptance of belief in the market, cultural compromise, and potential conflict between Islamic ideals in housing and "international" culture. Nonetheless, insofar as our limited

surveys can demonstrate, there is considerable knowledge of and commitment to Islam and its application.

1.4. National housing policy: evolution, issues and problems

1.4.1. Housing policy issues in Malaysia

Malaysian housing issues parallel those of several other countries. Analyses of housing policies in the TWCs reveal a number of key issues: production systems, ownership, welfare policy and improvement of living standards, empowerment, and so forth. All are relevant in Malaysia. So too are the debates about the desirable extent of state intervention, the merits of "social housing", and the choice between "conventional" housing and self-help, or "self-governing local systems" (Turner,1976,p.30). The phrase "social housing" can have various meanings. In Malaysia we can use the term to refer to state-assisted housing for rent or purchase under a variety of schemes. The issue of self-help also certainly has Malaysian dimensions. There is a view, however, that self-help does not work in "capitalism", and requires certain pre-conditions for its successful implementation (Mathey,Marcuse,Harms,1992). Governmental actions in Malaysia have given some (albeit limited) support.

More generally, access to housing is frequently a function of income and wealth, land and financing systems. These have been important in Malaysia as elsewhere. Also important is the control of access: directly or indirectly institutionalized within housing allocation systems, sometimes via "gatekeepers". The question of gatekeeping processes has been an issue in Malaysia (although in political debates rather than sociological inquiry).

1.4.2. Development in housing policy

In Malaysia concern for provision of housing for the poor dated back to the pre-independence period. In 1947, the Select Committee of the Malayan Union Advisory Council had recommended the government to be involved in housing provision for the poor, or for low-income groups who were renting but could not afford the rental charged (cited in Jagatheesan,1979)². There was also a suggestion for allocation of suitable land for people building their own housing.

In the 1950s and 1960s, interest in public housing became intensified with the establishment of the Housing Trust in 1950 and an increased role of local authorities such as major municipalities (mainly in Kuala Lumpur, George Town, Ipoh and Melaka, then the focal growth centres). The policy was for rental housing, managed by local governments. For rural housing there was the involvement of Majlis Amanah Rakyat (MARA) in financing loans to low income groups. Financing variations by MARA included supply of housing construction materials in the rural areas and loans to squatters in selected areas of the country (Jagatheesan,1979). In new land development schemes, the Federal Land Development Authority (FELDA) was directly involved in housing provision for settlers in rubber and oil palm small holdings, managed on commercial estate plantations.

The launching of the New Economic Policy (NEP) in 1971, with the long range national development policy - the First Outline Perspective Plan (FOPP,1971-90) - with its two-pronged objectives of eradicating poverty and restructuring society, started national efforts at socio-economic reform to bring about more equitable distribution of wealth between different ethnic groups. In the housing sector, the NEP had significant effect in shaping policy in respect of role and position of social housing, roles of public and private sectors in housing production, income targeting,

²The definition of the poor used by the Select Committee was apparently a class of persons who had little or no capital to build or purchase houses on their own or whose wages were not enough to pay adequate rent.

housing distribution for low-income families, and ownership (which was a fundamental premise of the NEP). Social housing and ownership became more evident goals through policy instruments such as planning permission which committed the private sector to building more low-cost housing, and a "housing quota" for "Bumiputras"³. The themes of housing policy were equitable access and adequate housing for all Malaysians (especially the low-income groups), home ownership, and improving housing conditions in rural areas. The role of social housing was, however, on the basis of division of markets: with public and private sectors as complementary.

Housing was seen as a means of attaining social integration and national unity. This was expected to be achieved through mixed housing development enforced by planning permission, with private developers building 30 percent of their units for low-cost housing, and the housing quota which required 30 percent of housing units to be allocated to Bumiputra. The hope was that mixed housing would reduce class tensions in society. The quota system was made attractive for Bumiputra through price preferential schemes such as 5 percent discounts, especially for medium and high-cost houses. There was thus encouragement for Bumiputra to live in "modern" housing estates. In the terms of contemporary housing literature and debate, this policy could be interpreted as relating housing to issues of ethnicity, discrimination, etc.

In the Second Outline Perspective Plan (SOPP,1991-2000), the New Development Policy (NDP) which replaced the NEP seemed to retain the basic strategy of the NEP, in respect of housing. However, the NDP, which is designed as a pace maker to enable Malaysia to become a fully developed nation by the year 2020, envisaged a greater private sector role in the economy, and privatisation. This has had significant implications for housing. For example the Minister of Housing and Local

³Bumiputra are defined as sons of the soil, native, and indigenous people (Hairul,1980). The ethnic groups classified as Bumiputra are Malays, aborigines and natives - in Sarawak and Sabah they are mainly the Penans, Klemantans, Kenyaks, Kayans, Muruts, Ibans, Kadazans, Dusuns, Suluks and other small tribes. (See Encarta 95 for details).

Government stated that "the housing industry has flourished in the favourable economic conditions" and "it is timely now to relook into the policy of providing low-costs houses for the masses" (Chew Peh,1993).

1.4.3. Administration of housing policy

Decentralisation has remained the basis of implementing housing policy, but with strong central control in respect of planning and financing, especially in public sector housing. The 1970s and 1980s saw increased numbers of central agencies involved in housing policy - Ministry of Finance, Economic Planning Unit, Central Bank, Ministry of Housing and Local Government, Ministry of Public Enterprise, Ministry of Rural Development, Ministry of Land and Regional Development - mostly in planning and coordination functions. Urban housing construction was the function of state governments: the State Secretary Offices for low-cost housing, and State Economic Development Corporations (SEDCs) for social and commercial housing; State Housing Commissions (in Sabah and Sarawak) for low-cost housing. There was also the Federal Urban Development Authority (UDA), for housing and commercial development in urban areas, and the Government Officers Housing Co. Ltd. for mixed residential development. The Public Works Department (PWD) was responsible for building government quarters for government employees. Rural housing and housing in land schemes were undertaken by agencies under the Ministry of Land and Regional Development, especially the Federal Land Development Authority (FELDA) and Rubber Industry Smallholding Development Authority (RISDA). Since the focus of this thesis is on urban housing, no detailed reference will be made to rural housing, except where it involves illustration of practices in traditional Malay society.

The involvement of many levels of bureaucracy in housing administration, and the division of powers between Federal and State governments, can be argued to have achieved specialisation of functions, and checks and balances. Viewed from another perspective, however, it may have given rise to opportunities of power on the

implementation side, that have led to malpractices. The overall scale of output via the diverse channels is shown in Table 1.1.

Table 1.1
Malaysia: Housing programmes and achievements
by sectors, 1970-90

Programmes	(1971-75)		(1976-80)		(1981-85)		(1986-90)	
	Plan (000)	Built (000)	Plan (000)	Built (000)	Plan (000)	Built (000)	Plan (000)	Built (000)
Public Sector	86		220	121	409	189	150	97
Low-cost by:								
States:	13		62	26	177	72	46	26
Land Schemes:	42		60	37	110	36	58	32
Government quarters:	24		41	21	59	23	27	11
Statutory agencies:	7		57	38	54	58	19	28
Private Sector	65		100	200	350	102	540	196
low-cost	20		30	60	90	23	370	89
medium and high Cost	45		70	140	260	79	170	107
Co-operative & individuals	109		162	163	175	100	13	8
Total	260		482	484	925	391	703	301

Source: Draft Report on Progress of Social Development Programme under the Sixth Malaysia Plan, 1992, Ministry of Housing and Local Government.

1.4.4. Housing financing

Looking at housing from the mid 1940s to the 1990s, an important change was in housing production: from a predominantly "people built their own housing" system, to market-oriented production based on conventional systems and supported by mainstream financing. Mainstream finance responses have been highly regulated by the Central Bank, through lending policy guidelines for the housing sector. The lending

guidelines underwent several revisions, ensuring commercial banks and finance companies made available sufficient funds for lending to the production and consumption sectors. The establishment of a secondary mortgage institution - the National Mortgage Corporation (CAGAMAS) (1987) - and several "new" housing funds was expected to have impact on housing delivery processes. Improvements in mainstream finance have been expected to lead to increased accessibility to affordable housing and ultimately home ownership. Outside the mainstream funds, it is claimed that the Employees Provident Fund has played a significant role in housing financing, in that employees benefit directly from the fund for house purchase.

1.4.5. Urban land management

A decline in self-build housing after the 1960s was probably associated with changes in government land policy for housing, away from land subdivision, which was a popular practice prior to 1947. This was replaced with formal land planning systems in urban areas such as master plans, local plans, and "development orders". These (planning systems) were seen as better alternatives in regulating supply of urban land for housing. Another land policy instrument has been the Land Acquisition Act (LAA)(1976), which empowered state governments to acquire land for development, including housing. The LAA, it has been argued, enabled a sustained supply of land. On the other hand, it can also be argued that it limited the options of land owners in developing their lands, while State governments used the LAA as a "tool" to keep state land from being released for low-income housing. (For sources, see Hai and Sendut,1979; Town and Country Planning, [undated]; Economic Planning Unit,1986; Consumers' Association of Penang,1994). Recently this legislation was changed, giving it a stronger private sector orientation.

1.4.6. Islamisation policy⁴

The "Islamisation" policy was introduced in 1985 with a specific focus on inculcating Islamic values into public administration. The justification offered was that infusion of Islamic values in the bureaucracy - as the primary channel of implementation of government policies - would help disseminate such values in society. The bureaucracy was expected to take a lead role to help realise the goal of formation of a concrete national identity based on Islamic values. For example, Dr Mahathir's view was that:

"As an effort to protect the dignity of the Malaysian Citizen, it is necessary to have a concrete identity...the most important element in the formation of Malaysian Citizen identity is a value system. It [value system] is one of the primary factors that can ensure a realisation of a respected society. A nation which does not have a specific value system will easily be influenced and dominated by other nations which continuously strive to expand [export] their values." (see INTAN,1992,pp.200-201)⁵

Apparently, Islamisation would inculcate Islamic value systems in finance, land management, and public life, and therefore would have significant effects in shaping housing policy and practice. Perhaps the "improvement" in value systems might be expected to benefit low-income families in their housing access. In theory, because Islam is the official religion of the country, and the bureaucracy is controlled by Muslims, Islamic value systems could easily be adhered to by the bureaucracy and practised in housing policy.

⁴Interpretation of Islamisation policy varies. For example, Institut Tadbiran Awam Negara (INTAN) argues that Islamisation policy does not mean a policy to convert non-muslim Malaysians to Islam, but is specifically directed at inculcation of Islamic values in public administration (the bureaucracy) of Malaysia. (see INTAN,1992,p.204). In the thesis interviews with "influentials" (see Chapter 5), one indicated a similar view [see ER14]. To him Islamisation was a process of interpretation of Islamic values and inculcating them in administration and the running of social and economic affairs.

⁵This quotation is a translation from Malay language. The translation by this writer is designed to convey the message and meaning accurately, rather than following the original text in a very precise formal manner.

There seemed to be a number of premises to explain (from a governmental perspective) the selection of bureaucracy as a "pilot model" in the Islamisation process. Firstly, the composition of the civil service being mostly Muslim seemed an appropriate official reason. By their education backgrounds, officials might have a more comprehensive understanding of Islamic teaching in respect of the conduct of administration and social life. Secondly, their positions would enable them to propagate Islamic ideas in various spheres. Thirdly, their expected "closeness" with the community they serve would demand they possessed ethical values to guide them in providing good quality services and to set examples to the community. These possibilities appeared to fit with official objectives such as excellent public service, elimination of negative attitudes in work, formation of Malaysian society of high morality, and concrete identity and dignity towards establishing a harmonious nation (*negara bahagia*) (see INTAN,1992,p.204). Within this framework, values expected of civil servants included trustworthiness, accountability, sincerity, dedication, moderation, diligence, "cleanliness"⁶, discipline, co-operation, good manners, and gratefulness.

Ibrahim (1989) offered social and economic justification for Islamisation policy. His arguments were that the capitalist economic system and usury practices inhibited Muslims' participation in commerce and industry. The long period of neglect from involvement in commerce and industry under the colonial administration, he argued, demotivated Muslims, and the repercussions were that they viewed commercial and industrial activities as discouraged by Islam. Islamisation policy, he believed, had helped correct negative perceptions from Muslims⁷ towards commerce, trade and industry, without compromising their belief

⁶"Cleanliness" in this context is associated with spiritual aspects and physical cleanliness such as clean dress, work place and the environment, as a way of life; ownership of wealth from acknowledged (authorised in Islam) sources; and care and justice in making decisions (see INTAN,1992,p.209).

⁷Misconduct by Muslims in business, and fair practices in business according to Islamic teaching were deliberated on by Alhabshi (1992). He cited experiences of a Muslim company which ran the enterprise purely on

in Islam. Mehmet (1989,pp.39-43), however, has been critical of Islamisation policy. He viewed it as politically motivated, due to mounting pressure for Islam to replace secularism and to "out-Islamise" the Pan Islamic Party (PAS). He also claimed that Islamisation policy had wider objectives in modernising⁸ Malaysian society, and helping the integration of the materialistic and spiritual within Islam. Mehmet highlighted the parallel of Islamisation Policy with Look East Policy in inculcating "new" societal values.

In any event, Islamic infrastructures have been established by the government. These include the Fund for Pilgrimage, Bank Islam Malaysia Bhd., Islamic insurance through Syarikat Takaful Bhd., and the National Share Trust (Amanah Saham Nasional) in the economic sector; the International Islamic University in the education sector; and the attempt to standardise Islamic family law.

1.4.7. Ethnicity and policy

A final point to note concerns the issue of "race" and housing policies (cf Harrison,1995). This thesis has not focussed specifically on ethnic divisions, racism, or on the affects policies may have on these. Malaysian research literature remains limited on these issues, and it has not been possible to cover them in any depth in our own field work. The writer recognises, however, that policies were meant to have differential outcomes, especially given the significance of the Bumiputra groups for policy-makers (but see footnotes 54, 56 and 64).

⁸Malaysia's experience of modernisation showed a shift from an approach based on western ideas to oriental values derived from the Look East Policy - work values, ethics and attitudes. This was modelled on the industrialised countries in the East, in particular Japan. Mehmet supported his claim about the relationship between Islamisation Policy and Look East Policy, quoting the work of Mauzy and Milne who suggested evidence of a deliberate integration of materialistic and spiritual discipline through Islam. (See Mehmet,1989,p.42). Look East Policy was introduced in 1982 with the objectives of improvement of quality and performance of management, and inculcating positive values and work ethics in national development modelled on Japanese and Korean experiences, but modified to suit the situation in Malaysia. (See INTAN,1992,pp.149-57 for details.)

CHAPTER TWO

INSIGHTS FROM HOUSING POLICIES IN SELECTED THIRD WORLD COUNTRIES (TWCs)⁹

2.1. Introduction

This chapter discusses selected housing issues in sixteen developing countries. Material was assembled from published studies for Hong Kong, Indonesia, Korea, Singapore and Thailand; Egypt, Iraq, Jordan, Kuwait, Saudi Arabia and Tunisia; Brazil, Cuba and Mexico; and Nigeria and Tanzania, which might offer insights relevant to Malaysia. There was too much information to present on a country-by-country basis, so the sections below focus primarily on particularly important concerns or useful examples. The aim was to inform our subsequent account of Malaysian housing by providing a broader context, but not to set out a rigorous comparative study.

The assessment of policy performance by scholars can use many criteria: such as rates of house building, house tenure, land tenure, financial systems and accessibility, management of housing stock, community organization and participation, standards setting and procedures in controlling housing development and form of government interventions. Assessment of quality of life has used criteria and indices (see Townsend, 1993) such as no exclusive use of indoor WC and bath, no electricity, housing not free of infestation, overcrowding, structural defects, ill-health of residents associated with housing environment, care of disabled or elderly relative, no open space within easy walking distance, or no recreational facilities nearby. In comparing countries, however, it is not possible to make use of such measures in a systematic

⁹The United Nations Centre for Human Settlements (UNCHS) Global Report on Human Settlements (1996) used the term "South", which also refers to Third World Countries. See Johnston et al. (1994) for definitions of Third World Countries and North-South. Third World Countries refers to "underdeveloped" economies, in Latin America, Africa and Asia, containing over 70% of the population of the world.

way, since data are limited. Nonetheless, it is useful to bear in mind the full range of possible issues and variables, even though what follows below is inevitably far less comprehensive.

Apart from limitations inevitable in making a selection of examples, the chapter is also restricted by the fact that the reading was mostly undertaken early in the candidate's research programme. Some up-dating has been carried out, but not comprehensively.

The main concerns of this chapter are with policy instruments and frameworks, their goals and impact, and their relationships with broader socio-economic issues, including the needs of low-income groups. In some places we will use the term "Third World Countries" (or TWCs), as a convenient identifier for those "developing" countries also known as the countries of the "South". The first part of the chapter below introduces some general issues and this is followed by sections on interventions, housing production systems, land management, taxation, finance, tenure, planning, participation and social development, and gender. The final section concludes and notes issues that might be relevant to Malaysia, bearing in mind the particular concerns of the thesis.

2.1.1. Issues affecting housing

Housing problems in TWCs are characterised by insufficient housing produced by state and market, income inequality and poverty (influencing affordability), rapid urbanisation (which can lead to conflicting land-uses), (see Plate 1) and population growth through which cities become reservoirs for the poor of the countryside. Governments may be unable to generate sufficient employment opportunities for the populations of these cities (McGee,1967). Some scholars have linked housing problems to government attitudes and judicial approaches to illegal settlements, and to political struggles around the issue of shelter (Hardoy,Cairncross,Satterthwaite,1990).

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MARCH FOR RIGHTS ... A Bangladeshi group calls for the right to housing. Pictures by PANG HIN YUE



SHOULDER TO SHOULDER ... Voices from the Asian Coalition for Housing Rights

Seeking a cure for urban decay



MASCOTS OF THE URBAN POOR ... Super Pinay from the Philippines and Super Barrio from Mexico, champions of squatters' rights

The United Nations Conference on Human Settlements or Habitat II, which ended in Istanbul recently, was long on rhetoric but short on concrete plans to address the problem of urban decay. With too many voices from competing interest groups clamouring to be heard, the summit never quite found its focus, reports PANG HIN YUE. Story on Page 7.



POSTER APPEAL ... A Korean NGO representative



CLOSE WATCH ... Demonstrations go on amidst tight security

Others have attributed problems to the failure of conventional housing supply channels to respond to the size and variety of demand from different income groups (Hamdi,1991;Connolly,1989), and some have noted that controlled channels of production may aggravate the situation (Turner,1976). There may be a mismatch between demand and supply (Turner,1991).

Baross (1991) saw the magnitude and severity of housing problems in cities as attributed to causal variables of rate of urban growth (affecting need for housing), employment and wages that determine demand, cost and access to housing resources (supply of land, finance, materials and labour) and government practices in providing the services needed by urban dwellers. Gilbert (1989,1992) argued that the land market was vital if living conditions were to be improved. He claimed that land markets were important amongst other resources because a considerable proportion of the population build their own homes.

Connolly (1989) noted the gap between the price of commercially-produced housing and the ability to pay by wage earners, and Malpezzi (1990) related the problem to the outcome of market imperfection and income inequality. Townsend (1993) has argued that income inequality (inter-connected with poverty) is an important dimension in housing problems for vulnerable groups. (See also Drakakis-Smith,1996). Studies have made a projection that by the end of the 1990s more than half of the "absolute poor" will be concentrated in urban places (Rondinelli,1988,p.23): the figure for Latin America and the Caribbean will be over 90 percent, for Africa 40 percent and for Asia 45 percent. Inadequacy of basic services - sanitary, water, housing, health, education, transportation, etc. - will exacerbate and sustain urban poverty (Rondinelli,1988,p.24; Townsend,1993,p.8). In Mexico and Brazil, over-concentration of development in primary cities has produced acute housing problems. In Mexico City, in 1990, 60 percent of the urban inhabitants of 15.8 millions were squatters. In Brazil, in 1991, 42 percent of the population in Recife, 10 percent in Rio de Janeiro and 10 percent in Buenos Aires, were squatters (Gilbert,1994).

There are historical exceptions. Cuba, for example, apparently adopted a balanced development strategy: urbanization of rural areas, industrial dispersal, and creation of agricultural new towns: about 400 were created by 1980 (Mathey,1990). These strategies were claimed as effective counter measures to discourage rural-urban migration.

The work of Gilbert has suggested, in any event, that the pace of urbanization and pattern of rural-urban migration in Third World cities had recently slowed down, even in more prosperous countries of high per capita income - in the Middle East/North Africa and Latin America. An equally significant development was the reversal in the trend of migration from predominantly rural-urban to migration streams back to rural areas. Such a reversal has been more apparent in parts of Latin America, perhaps a sign of rational reaction to declining job opportunities in the cities and changes in spatial structure (Gilbert,1993). Improved transport may modify migrant behaviour and production locations. In Latin America, during the 1970s, migration to the city appeared rather permanent, but with decline of urban opportunities, villages may have become more attractive. In Sub-Sahara Africa, however, the migration pattern remained unchanged. Despite economic recession, urban population expansion continued rapidly, with a 77 percent increase in urban population in 10 years, a contrast to North Africa and the Middle East (Gilbert).

The extent of state involvement will vary, and for housing there may be a trade-off with other priorities. There are a range of housing options for lower income groups, including self-help ideas, squatting or illegal land subdivision and crowding in inner-city tenements. These may be set alongside "conventional" housing programmes, etc. Gilbert argued on the subjectivity of measuring housing conditions in TWCs by Western standards: such standards are not necessarily relevant and there is a danger of taking an ethnocentric view (Gilbert,1992). The issues of choices of housing methods -

conventional system¹⁰ or self-help¹¹ - and housing standards are amongst the critical agenda issues in housing policy in TWCs.

Ha (1987) viewed housing problems from the perspective of the national development agenda of the TWCs. He claimed Government attitudes towards housing in national development agendas regarded it as a secondary problem, compared to bigger economic problems such as employment and industrialisation, citing the case of Korea in the 1960s. It can be argued that the Habitat Conference in Vancouver in 1976 might have provided impetus, motivating TWCs to consider housing as important for the national development agenda. The 1980s recession saw a potential role for housing investment, with it becoming an economic instrument to generate growth. It was believed housing investment could produce a catalytic effect through industrial linkages that would help stimulate demand for materials and labour. Expanding housing construction, it had been argued, would boost employment opportunities, since construction is on the whole a labour-intensive industry (Gilbert, 1992). Malaysia for example took this approach in 1986-89 when it launched a special low-cost housing programme. The countries that employed a housing construction strategy, and linked it with funds from savings plans, apparently experienced resultant construction booms and rapid economic growth (Gilbert, 1992).

There are "social" questions too, about investment in housing. How best could investment be spent to attain crucial objectives of providing shelter for all, and a redistribution policy within the overall context of social and economic systems?

¹⁰Conventional housing may be defined using Harms' work as finished housing projects produced by the building industry: designed by architects or engineers, planned and built by a combination of public agencies and commercial or limited profit companies, and financed by a combination of public subsidies, private bank investments and savings by the users. For detailed explanation see Harms (1992). Note also Drakakis-Smith's definitions of formal and informal sectors in footnote 14.

¹¹According to Gilbert (1992), self-help is problematic in the TWCs because of structural conditions - supply of land, land cost and inequitable income distribution - that would pose constraints. Turner (1991) suggests state power, market forces and people power manifested through local and community-based housing could complement each other to support self-help housing.

Mathey (1990) pointed to the recurrent failure of housing policies to guarantee a right of shelter for everyone. Stafford (1978) suggested that government policy should consider a long-term programme for reform and be directed at mitigating adverse distributional effects. In Stafford's view, housing should be treated as a subsistence commodity, and he argued that subsidy to the poor should be a major component of housing policy, alleviating any distortion in the allocation of resources resulting from arbitrary administration. He claimed that housing problems became worse (despite attempts to solve them), because of cumulative effects of damaging policies due to politics and bureaucratic control. There have also been views which linked housing problems with ineffective financing systems. Authors have claimed that the level of sophistication of financial systems determined the "efficiency" of housing finance (Boleat, Cole, 1987; Malpezzi, Mayo, Gross, 1988). One observation was that in TWCs the system was still dominated by informal financial intermediaries.

Healthy housing has also become a focus of debates in TWCs. It is claimed that high health hazards and low household well-being, with disease, accidents and fires, are all more prevalent in poor quality areas¹²; with psychological and social disturbances attributed to sub-standard housing (Ranson, 1991). The importance of healthy housing in the broadest terms is indicated by Novick (1990).

The above section has drawn attention to some issues in recent debates relevant to housing in developing countries. The chapter now turns to selected countries for illustration.

¹²The possible causal relationships between housing and health are illustrated by a statement of the Malaysian Medical Association (MMA), which refers to a "steep rise in upper respiratory diseases among children over the last five years, especially those from the lower income group. The causation and prevalence of ill-health and respiratory diseases are attributed to poor living conditions and substandard housing such as squatter areas, low-cost houses and one-room apartments and the smoking habit of the adults in these accommodations" (Bernama News Service For Malaysian Students, Tuesday, May 17, 1994).

2.2. Market and interventionist policies

It is worth showing the diversity of styles of intervention.

Hong Kong and Singapore are often cited as countries that vigorously and successfully embarked on public housing construction programmes, large in terms of proportions of the population directly housed by government: 86 percent of the population in 1987 in Singapore and 45 percent in the 1980s in Hong Kong (Castells, Goh, Kwok, 1990). Castells et al. associated the success of Singapore with state interventions in public housing provision, high economic growth in the last 25 years being related to the success of the implementation of public housing programmes. The argument has been paralleled by Krueger's work where success is attributed to government interventions in the economies of these countries (cited in Sai-wing Ho, 1992). Lee takes a different view and associates high growth and the remarkable public housing programme with a successful fusion of "Confucian values and capitalism." (1993). Singapore's housing policy-makers believed in direct state involvement in production, but Hong Kong had moved from state intervention to privatisation¹³, under the "Private Sector Priority Strategy" (Castells, Goh, Kwok, 1990). There seemed to have been more success in the Singapore model.

¹³Privatisation has many different meanings at the detailed level, and has been debated in many countries: for instance, for Central-East European cities, between Pichler-Milanovich and Douglas (who seemed to favour a cautious pursuit of housing policy with more interest in state roles and responsibility in housing provision). According to Pichler-Milanovich, housing privatisation processes in Central-Eastern Europe showed that the housing privatisation policy was not efficient: the private construction industry was not well-established; funds collected from the selling of public rented housing had not been fully reinvested in new housing construction or rehabilitation; and insufficient funds were available for private rehabilitation. She agrees with the view that housing privatisation served to reinforce inequalities rather than reduce them. Douglas believes that privatisation does not mean economic efficiency and economic efficiency is not "the end-all" without a real future determination of the costs, both social and economic. His suggestions for countries with transformational housing markets were that their housing policies should among other things address issues and decide on the types of housing market and the role of public sector housing, the role of the government in the (re)development process and a balance of socially responsible change and economic efficiency. (see Douglas, 1996 and Pichler-Milanovich, 1996). See also a study by Bodnar (1996) on housing privatisation in Budapest: among the findings, "a right to buy policy" of council housing in Budapest had resulted in unequal access. An educated group of Budapest city dwellers gained more in terms of opportunities to buy good-quality apartments in better locations. The experience of UK housing privatisation perhaps provides examples of effectiveness, with large changes in tenure structure, etc. Although not a good parallel for developing countries, UK privatisation has also raised

The Asian Newly Industrialised Countries (NICs) seemed to have shared a similar policy strategy of dependency on the formal sector¹⁴ in housing production. However, as several studies had shown, house prices were high and there were many urban poor who could not afford such houses as experienced in Korea and Hong Kong. Among the NICs, Singapore, however, illustrates a unique housing policy where - according to the publications referred to - every citizen had apparently had access to state housing. The agro-based economies seemed to be adopting a policy strategy of dependency on informal sector housing and stressing a more developmental attitude towards self-help programmes. However, self-help housing seemed to have been more dynamic in Indonesia than in Thailand. Success in Indonesia was attributed to government's attitudes that encouraged people's participation through enabling strategies, legalizing and legitimating the existence and status of villages (kampung) as part of city structure, legalizing house-ownership on government land and apparently allowing mass participation through administrative structures (Steinberg,1992). These policies seemed possible pre-requisites for the success of large scale self-help housing programmes.

In Egypt, the state adopted a decentralised policy, with involvement through local government, assisted by housing cooperatives. State intervention in Tunisia was through housing finance systems. Agencies were created to manage and mobilise funds (including from government owned banks, and from workers funds) (Hardoy,Satterthwaite,1981). A similar pattern was observed in Egypt: sources of

concerns about effects on low-income households in terms of access and standards. Linneman and Megbolugbe argue that "the lessons point to the fact that privatisation policy consists of a wide range of interlocking policies aimed at improving efficiency and targeting subsidies by introducing players - whether owners, managers and financiers" (1995,pp.86-87). For criticisms of privatisation in TWCs, see Chapra,1992,p.147.

¹⁴Formal housing sector is defined here as housing which is built according to building standards by "legitimate" firms through established land, finance, materials and labour markets. The informal sector or popular housing, in contrast, is defined as housing which is constructed by the poor themselves usually in contravention of some legislation, outside established building conventions and below acceptable standards or norms. For more detailed definition see Drakakis-Smith (1987,pp.85-86).

financing were mainly by state institutions - the General Authority of Building and Housing Cooperatives, and the National Housing Fund. In Kuwait, Jordan and Saudi Arabia, housing funds were managed by single agencies, the Saving and Credit Bank in Kuwait; Housing Bank in Jordan; and Real Estate Management Fund in Saudi Arabia.

In Mexico, the establishment of the National Institute for Housing and the Development of the Community (INDECO) to implement sites and services policies for low-income families was an example of formal state involvement in housing. In Cuba, however, "full" state intervention in housing provision, according to Mathey (1990), had offered much better housing conditions to the population than almost all other countries in Latin America. A free-market operation in housing and land sales introduced under the Urban Reform Law, of 1984, was stopped by the state because of rampant speculation activities, etc. Secondary market operations practised by the state involved a dual pricing structure - the state apparently buying dwellings at higher prices but selling lower, a strategy to achieve market flexibility - and a house swapping scheme which was organised according to commercial practice (Hamberg, 1990).

2.3. Housing production systems

The choice between conventional production (Formal Sector) and self-build or self-help (Informal Sector) has been important. While TWCs are striving towards modernisation of their economies, it seems that formal sector housing faces the problem of coping with needs and demand. The impact of the informal sector has been evident in complementing or even providing alternative solutions for affordable housing. This was noted in experiences of most TWCs which were reviewed, with the exception of Singapore, Hong Kong and Kuwait. It should be added, however, that self-help housing has been very much a contested issue among scholars as regards its feasibility, politics and economics (Clinard, 1996; Lewis, 1964; Turner, 1965 to 1991; Burgess, 1982; Harms, 1983, 1992; Marcuse, 1992; and Mathey, 1992).

Korea is an example of an NIC where informal sector housing was a policy instrument through sites and services provision (Ha,1987). Some TWCs of high GDP per capita adopted dual production policies by combining the two sources, formal and informal housing. Economic achievement was certainly not the only criterion in determining choice of method of housing production. This was also determined by factors such as availability of land, vision of the state in housing, population, geographical constraints such as in Singapore and Hong Kong, and social, cultural and traditional factors in societies such as Middle East countries.

In the Middle East, studies showed that policies for the informal sector were implemented specifically for Bedouin communities, in Kuwait and Saudi Arabia (Hugh&Robert,1979;Al-Hathloul&Edadan,1992). In Egypt, informal sector housing was prominent and it had contributed about 80 percent of the existing housing stock (Davidson,1984). In Saudi Arabia, sites and services programmes were also implemented in cities, assisted by a land grant scheme and cheap housing loans by the Regional Economic Development Fund (REDF). For example, in 1983, it was estimated that 2 million people had benefited from free land ownership under the land grant scheme. Households were eligible to receive cheap REDF housing loans (Al-Hathloul&Edadan,1992). However, shanty and traditional housing remained about 35 per cent of total housing stock in 1983, while the share of apartments and villas increased, a reflection of affluent Saudis preference for "modern" housing and "Western" life-styles. The situation of self-help housing was less developed in Jordan, a relatively poor economy, the reason apparently being that it was inhibited by rigid land administration that made self-help housing expensive (see Razzaz,1993).

In the formal sector, one issue has been the magnitude of state involvement in production. Experiences of TWCs varied, and the relationship between commitment to free market practice more generally and state involvement in housing seemed weak. For example, in Singapore (apparently a free market economy), the role of the state was very dominant in housing, compared to Hong Kong. Korea, a mixed economy but

with strong state control, showed the opposite, where the private sector played a bigger role in housing production. The state's politics and vision in housing seemed more relevant explanations, in the context of the experiences of these NICs, than market ideology and practices.

Singapore's housing policy has exemplified heavy state intervention in housing in a strong market economy where 90% of housing units built were by the Housing Development Board (HDB), demonstrating the state's vision¹⁵; apparently promoting a competitive labour market¹⁶, owner-occupation and a new approach to family togetherness, a new version of an extended family system. Subsidies helped people renting HDB flats to buy them, providing a grant to couples who wished to buy their first flat in the estate where their parents lived (Fernandez, 1994). An impact survey by Zuraidah (1994), reported that a "cohesive family togetherness"¹⁷ had been achieved in

¹⁵In an article "State welfarism, S'pore-style", Fernandez claimed that Singapore's government leaders labelled Singapore's approach to welfarism as "supply-side socialism" where the state will spend massive subsidies chiefly in housing, health and education. By this policy, subsidies are aimed at increasing production, not consumption. The argument, however, according to Fernandez, is that the dichotomy between subsidies for consumption and investment can be vaguely drawn. For example: providing low rents hawker centres is both consumption and investment in that low rents keep food cost down, which in turn helps to keep a cover on high wage demand; and subsidies for the five-room and executive apartments add to the country's productive capacity. The state views such subsidies for house and house-related items as asset enhancement. The state argued asset-enhancement differentiates it from income-subsidy or income support (where the state helps families spending money every month) which the state claims will incur bigger state funding. (For more detail, see *The Straits Times Weekly Edition*, September 24, 1994, page 6.)

¹⁶The strategy of lowering cost of living through public housing in order to sustain and maintain labour competitiveness is justified by some writers. According to Castells, Goh, Kwok (1990) theoretically, public housing lowers the costs of living where workers pay low rents and prices and thereby relieves the pressure on wages without lowering the quality of labour. Singapore's public housing programmes manifested the ideas of lower cost of living and competitiveness in the labour market. Political priority was reflected by the measures taken by the state such as massive financial support (CPF financing, low-interest loans to HDB, write-off of HDB operating deficits), guaranteed land supply for public housing and legislative powers given to HDB in respect of land acquisition, and property and housing estates development.

¹⁷However, critics have assumed the measures to be about political patronage and expanding as well as gripping political supremacy by the ruling People's Action Party, using public housing as an effective instrument. Public participation is institutionalised by establishing a People's Association, a network of grass-roots organisations throughout the public housing estates to instill a sense of belonging and support for the government and act as a channel to disseminate government policies in any government campaign and broad-based mobilisation, in pursuing political control and domination (Castells, Goh, Kwok, 1990).

the HDB housing estates. According to Westen (1979), residents' satisfaction with HDB housing and management of the housing estates was recognised as early as the 1970s.

Elsewhere, however, according to Salau (1990), state involvement in public housing did not necessarily mean public sector housing was cost effective and cheaper. Salau's work in Nigeria pointed to the high cost of houses built by the public sector, compared with self-built, those built by groups or even the private sector. Public housing in Nigeria was apparently not cost effective and was inefficiently provided by the state. More than 90 percent of low-income families lived in privately built houses. Salau suggested the private sector taking a lead, and the state reverting to enabling strategies, by removing obstacles such as delays in obtaining a certificate of registration for land, or delays in getting approval of building permits from local governments and planning authorities. Removing these obstacles, Salau argued, would improve the rate of housing construction.

In other TWCs where the economies were less prosperous such as Cuba, Egypt, Indonesia, Mexico and Thailand, the informal housing sector seemed the most effective method and had become formally accepted in the state's housing policy. In Cuba, more than 50 percent of houses built up to 1988 were from "self-help" channels, either by individuals, or collectively, or by organised "labour-microbrigades".

Indonesia's Village Improvement Programme (KIP) illustrated a successful experience on a national scale of improving villages in urban areas. The KIP proved an effective redevelopment programme that complemented the formal sector. The programme indicated the capability of properly planned self-help housing as an effective means of meeting housing need even in a most congested and populated city like Jakarta. The KIP was also a financially cost saving and cost effective method, and thus increased affordability because dwelling cost was less than conventional housing under the formal sector. The economics of KIP were indicated by Steinberg (1992)

whose figures suggest that with the same amount of budget, more houses could be built under KIP than under public housing schemes. The state commitment to KIP was reflected in large budget allocations. The impact, between 1969 and 1994, was that 935 villages/towns involving 106,225 hectares were improved and this was expected to benefit 16.23 million people.

The impact of the KIP can also be appraised from international agencies' views on the programme. International organizations such as the Commission for the International Year of Shelter for the Homeless, Habitat International Council and the UN Commission for Housing and Human Settlement apparently accepted KIP as a model of feasible informal housing (Silas,1987). Mathey (1992) labelled it as a landmark because of its large scale replicability, and incorporation of traditional patterns of community organization, indigenous cultural resources and local self-government. However, his reservation was over the standards of houses produced: apparently informal housing achieved large scale output at the expense of reduced standards.

The KIP experiences showed the significance of interactive forces dedicated to facilitating the programme, such as the state policy and enabling strategy, and levels and depth of community participation¹⁸, drawing people to invest their incomes and savings in housing. The state's role such as legitimating the existence of villages in the city (Steinberg,1992), and assuring land tenure (Baross,1984) although not "legitimately" owned enabled people to participate in the programme. People's participation was further reinforced by traditional mutual self-help being practised by the community.

¹⁸Gains from such enabling strategies included attracting large expenditures for home improvement by the people themselves, improved standards of living and better housing conditions. These are positive results from government provision of infrastructure. Steinberg (1992) estimates that private expenditure constituted an amount 1.8 times bigger than public expenses on community utilities. Secondly, the programme resulted in values of houses increasing, benefiting local government through higher property taxes. The negative impact was on consumers because of increased rent charged by "landlords". In Jakarta rent increase was as high as 200 to 300 percent after infrastructure improvement of the villages. Cf Marcussen's work (1992) assessing self-build housing in Jakarta.

Other examples of stimulating the development of the informal housing sector are the experiences of Thailand in the management of urban slum upgrading, Egypt and Mexico. In Thailand, the state adopted a strategy of selective investment on infrastructure, according to future land-use plans. Through categorization of urban land according to future land-use, slum areas were determined and categorised into permanent residential areas, temporary residential areas, and subject to no upgrading at all. The application of such a model apparently inspired landlords and tenants to participate in upgrading programmes. The government injected capital to finance the development of infrastructure and utilities within set limits (Wonghanchao,1987).

In Egypt the state adopted a policy of cross-subsidy from high price to low-price areas in financing sites and services programmes. Identification of high and low price areas was by commercial classification of land and its potential value (Davidson,1984). Building standards were flexible, allowing people to use traditional mud-brick materials for low-income families and reinforced concrete structures with provision for future extension by the other groups. Davidson (1984) claimed that mixed development and a positive discrimination policy enabled the sites and services scheme to become commercially viable.

Mexico and Brazil illustrate different experiences of handling the informal housing sector. In Mexico City housing cooperatives were involved in building affordable community housing with decent standards on government land (Meffert,1992). This reflected formalised community roles in housing and land tenure, although not involving legal ownership by the people. In Brazil, one trend was the involvement of organised racketeers that sold ready-made or partially ready-built houses to squatters (Taschner,1992). According to Taschner, in Sao Paulo, in 1982, 43.3 percent of housing in squatter settlements was bought ready built and only 39.1 percent self-built. By 1987, there was a change where even partially built houses were for sale and about 53 percent of housing units were bought either completely built or

partially built. Taschner's work reinforces the image of the phenomenon of squatter housing in Latin American cities premeditated and planned by agents (Ward,1984), and of landlordism where housing was being treated as a commodity involving exploitation of the already poor people (Mathey,1992).

Recent approaches by many governments have increasingly taken a more direct strategy to deal with squatter settlements given the costly nature of squatter removal. Accepting self-help as a solution to needs, and thereby integrating the poor as rate and tax payers in the fiscal base, was able to provide a source of revenue to government (Ward,1984). The gains were evidenced by organised management of squatter settlements on government land in Brazil (Taschner) and Mexico (Ward); or by government providing infrastructure to squatter areas including for privately owned land in Thailand under slum upgrading schemes, etc. (Tanphithat,Skulclanuwat,Chanon,1978). The impact of such policies induced additional spending by residents for housing. Turner's work in Latin America (1976) and Steinberg in Indonesia (1992) revealed readiness of squatters to spend their savings to improve their houses incrementally, when they were secured from evictions or when land that they occupied could become theirs under legal subdivision.

In the 1980s and 1990s, more states moved from housing supply to enabling¹⁹ roles and empowerment of people to facilitate their participation in housing provision. The focus may be on improving the rules governing housing along with the regulations and practices, and encouraging people's participation (such as through FONHAPO in Mexico, Urban Community Development [UCD] in Thailand, KIP in Indonesia). However, the experience of Singapore's housing policy can be interpreted as enablement through extensive and direct government production and intervention that has enabled a high rate of owner-occupation.

¹⁹The UNCHS argued that different interpretations of enablement relate to different kinds and levels of government intervention. Government housing enablement, according to the UNCHS, can imply extensive or limited intervention. For discussion on enablement, see UNCHS,1996,Chapter 10.

2.4. Management and ownership of urban land

Urban land poses many questions for TWCs, and there are varying views about the roles of private and public ownership. Factors have been noted such as concentration of ownership, "interference" by the state in land markets, and the adverse impact of planning strategies adding to cost (for some views see Malpezzi,1990; Turner,1976; Bertaud,et al.,1988; and Mocoloo,1996). Gilbert (1994) and Ha (1987) attributed the limitation of land supply for housing to the patterns of land ownership - control by private individuals and institutions - and prices of peripheral land. A critical view of private landownership systems is reflected by the 1996 United Nations report²⁰, which added other factors such as poor urban land policy and management, and escalating land prices²¹ as influencing the supply of urban land. One criticism of private landownership was that it was regarded as a source of market inefficiencies, although measures of efficiency of land-use were not identified in the report. Possible indicators might be growth of illegal settlements, commercialisation of informal land by land-brokers, and the state granting land tenure to illegal settlements. Perhaps "efficient" land-use is reached when people have secure housing tenure, freedom from

²⁰The earlier United Nations Conference on Human Settlements (Habitat I) in 1976 acknowledged private ownership of land as a major problem confronting land supply for settlement purposes. The UN recommendation was "because of its unique nature and the crucial role it plays in human settlements, [land] cannot be treated as an ordinary asset, controlled by individuals and subject to the pressures and inefficiencies of the market. Private ownership is also a principal instrument of accumulation and concentration of wealth and therefore contributes to social injustice; if unchecked, it may become a major obstacle in the planning and implementation of development schemes. Social justice, urban renewal and development, the provision of decent dwellings and health conditions of the people can only be achieved if land is used in the interests of society as a whole." (UNCHS,1996:239). While UNCHS criticised private land ownership, it nonetheless seemed non-supportive of land under public ownership, but showed a tendency to favour "a market in urban land and efficient land allocation system" (p.253). (see UNCHS,1996).

²¹A study by Dowall and Leaf (1993) on Jakarta, Bangkok and Karachi, provided some insight on the relationship between land values and distance from the city centre, and prices of land plots in formal sector and non-formal sector of residential areas. One implication was that it would require prudent management of urban land for low-income housing to match the affordability of low-income families for a decent standard of living, considering housing and traveling costs. In another study by Strassmann and Blunt (1994) in Metro Manila, it was found that the cost of land on average constituted 50% of the total dwelling price.

threat of evictions so that they can consolidate their housing for a "decent" quality of life, raised standards of living, and well-organised neighbourhoods.

An issue confronting TWCs may be to ensure urban land markets serve the economic and social needs of urban inhabitants and enterprises. Zetter (1984) viewed land issues in low-income housing as politically and technically complex questions, raising structural problems requiring fundamental policy changes. The experiences of TWCs showed a tension in land-use development, between fulfilling the need of economic enterprises - commercial and industrial use, expensive residential accommodation - and social housing. Policy responses in allocating urban land for housing have included management approaches, land acquisition and the state granting "temporary" tenure in illegal settlements based on patron-client relationships between the government and community. The choice of policy sometimes seemed linked to housing production methods adopted by the country, and to levels of people's affordability. (This was apparent, for example, in Singapore, with massive land acquisitions.)

The work of Doebele & Hwang (1992) and Hannah, Kim & Mills (1993) in Korea showed how the state responded to add to the supply of urban land stock through Land Re-adjustment Projects (LRAP)²². The LRAP was the primary policy instrument used by the state. This policy can be viewed as a good example of urban land management by promoting public participation, generating land supply for public purposes and retaining private ownership of land. Under the LRAP, small land plots were regrouped, boundaries were readjusted and infrastructure facilities provided. The land was then resubdivided: 64 percent was returned to owners and 36 percent kept by public authorities for public use and development of major infrastructure projects. The

²²According to Bahl & Finn (1992), the land re-adjustment system originated from Germany and was widely used in Taiwan in the 1950s initially in rural areas, and in Japan and Korea. By 1976, in Japan, there were 6,395 projects involving 261,785 hectares of land; and in Korea, 274 projects involving 35,740 hectares for large residential urban development in 49 cities. The LRAP was also practised in Bangladesh, but initiated by private landowners. (see p.303, Box 9.8 in UNCHS,1996.)

LRAP, according to Doebele and Hwang, generated almost seven times as much urban land as was developed through the private market, and LRAP were largely self-financing. There was also a considerable contribution to supply of "new" land at the urban fringe of Seoul. Shortcomings of LRAP were limited financing from the state which affected provision of services, and speculative ownership after readjustment which gave rise to vacant landholdings.

For Tunisia, writers have looked at urban land management operated by a regulatory system for controlling land supply for housing. The government set up a land agency - Agence Fonciere d'Habitation - responsible for acquiring and developing land for residential development. The land was subdivided and provided with services and sold to private developers without subsidy, normally for construction of expensive houses (Hardoy, Satterthwaite, 1981). The mechanism reflected strong public control over land markets and urban land-use, ensuring a check on land speculations, keeping land costs down, and helping to stabilize property prices, and "optimising" land-use through standardisation of land plots.

Acquisition for public sector development is another major option. Singapore's experience rested on a legal framework for a policy of compulsory acquisition of privately owned land, empowered by the State Constitution. The Land Acquisition Act 1966 and (Amendment) 1973 empowered the HDB to acquire land at below market price or even compensate land owners at the 1973 price (Ching & Tyabji, 1991). To Castells, Goh, and Kwok (1990), land acquisition was a rational policy because it acted as a powerful redistributive mechanism to minimise differentials in the distribution of limited resources and achieve fair standards of living for the entire population. In Zimbabwe also a Land Acquisition Act was used for acquiring land for development. Private developers could also acquire land, but on the open market. According to Rakodi (1996), the urban land tenure system in Zimbabwe was well organised and relatively efficient. But its limitation was over the capacity to keep pace with urban growth, and its appropriateness for small urban centres or low-income owner-

occupiers was less clear. Land acquisition legislation has apparently been a common policy instrument used by British ex-colonies (for example in Singapore, Zimbabwe and Malaysia).

The acquisition of land can involve land nationalisation. Tanzania demonstrated a form of this. People's access to land was guaranteed by a supplementary law of Right of Occupancy (Nuru,1990; Kaitilla,1990; Hardoy,Satterthwaite,1981). With state ownership, the element of land control on the occupants and measures to suppress land transfers were relatively easier through restrictions and prohibition of sale of dwellings (Nuru,1990). These policies Nuru claimed had made land available cheaply for housing construction and helped check land speculation, and had significantly improved conditions for long term town planning and efficient land development. Zetter (1984), however, viewed the effectiveness of state owned land from a different perspective. The experience of Tanzania had shown that people still experienced delay in registration of title, building approval and difficulties in obtaining housing loans, despite extensive provision of land for sites and services (see UNCHS)²³. Public ownership of land in Zetter's view should be complemented with management and institutional structures, and coordination for effective implementation of self-help housing and land subdivision.

Another land allocation option is to confer legitimacy on more spontaneous settlement. In Egypt, the state permitted land occupation for housing through rent (Davidson,1984). According to Davidson, by the state legitimating land occupation (even though with limited security of tenure) the policy encouraged low-income families to build their own houses, without threat of eviction. This had contributed immensely to supply of houses. There was also a land pricing scheme, where the price of land was set at a low level with a repayment period of over 30 years. For new

²³According to the UNCHS report (1996), between 1978/79 and 1991/92, the Dar es Salam City Council received 261,668 applications for land plots, but was able to produce and allocate only 17,751 plots, or plots for 7% of applicants. (see Box 7.4 p.254).

settlement areas, land pricing policy was based on land potentials. To safeguard against land speculation, there was a delayed freehold tenure in which freehold title would be given after 5 years of occupation.

Jordan exhibited policies characterised by an unfavourable fiscal stance on individual ownership, attitudes towards customary land which were seen as creating a negative impact, and flexible land use which allowed new development in undeveloped plots within the zoning area for housing construction. The attitude of the state towards customary land and traditions through illegalisation of their status apparently created tensions²⁴ with original tribal claimants; and the imposition of high land taxation for government subdivision was criticised by Razzaz (1993) as detrimental to the informal housing sector²⁵. This criticism, however, contrasted with the UNCHS report (1996) which claimed that the policy of legalisation of unregistered subdivisions was "protecting" customary rights and helping access by more individuals to land. According to the UNCHS, flexible land use policy is reflected by planning practice which allows redivision of vacant plots within the developed land zoning into sub-plots with clear ownership titles. (see UNCHS,1996:p.299, Box 9.5).

2.5. Fiscal policy

Land taxation as a measure to provide new land has been adopted by some states. In Egypt, taxation policy was a stimulant to encouraging land owners in

²⁴Cf Halseth, 1996 in British Columbia.

²⁵Razzaz's case study was in Yazous settlement in the North-East of Amman. The Yazous area was believed to belong to the Bani Hassan tribe under the traditional tenure system called "musha". Under this tenure system land is shared among members of a village or a tribe. A village or tribe member would hold a share in the cultivable land rather than a specific parcel with fixed and permanent boundaries. The area was sparsely inhabited and the Bani Hassan tribe developed the land as settlement for middle- and low-income groups mostly new settlers from overcrowded urban areas who sought affordable land. The land was subdivided into residential plots and title and registration obtained from the authority. The government response was a reversal action. The settlement was regarded as an illegal invasion of state land and the settlement was disapproved: but government recognized the de facto built-up areas by charging a levy, "badal mithl". The amount of levy ranged from 50% to 100% of the market value.

subdividing their land for low-income housing. The tax strategies were based on rental value of the property and low tax on speculative profit from sale of land for low-income housing (Hardoy, Satterthwaite, 1981). In Jordan, tax policy worked otherwise. An unfavourable taxation policy was reflected by the manner in which the 8 percent tax on land transactions was distributed between purchasers and landowners. Purchasers had to pay 75 percent of the tax while sellers paid only 25 percent. The tax on purchasers left them with less funds to pay for housing construction. Jordanian experience on land tax is an example of "regressive" practice in land supply for housing, tending to increase effective land prices which the poor will have to pay. On the other hand land tax systems in Egypt apparently illustrated a "progressive" land supply strategy in favour of low-income housing. Perhaps Zetter (1984) was correct in claiming that taxation can have confusing and contradictory effects and it can be difficult to find a consistent balance between the objectives of penalty and incentive.

2.6. Housing finance systems

Scholars (Malpezzi, 1990; Okpala, 1994; Renaud, 1988) are in agreement on the important role of finance in solving problems of affordable housing. Malpezzi (1990) and Okpala (1994) for instance attributed worsening housing conditions in developing countries to problems in input markets. In TWCs, Renaud (1984) and Pugh (1991) argued, housing finance has to serve intricate objectives: affordable loans for households, preventing financial instability and to maintain confidence in the financial system, resources to implement public housing programmes, and mobilisation of resources and their effective use. Some feel that unregulated money markets and liberalisation of housing finance are preconditions for an expanding mortgage market and intensified investment in the housing sector, but this might not benefit the poor. Certain scholars place faith, also, in "economic development". The development of housing finance institutions and the efficiency of financing systems according to Renaud and Malpezzi (1986) and Boleat et al. (1987) are determined by the general sophistication of the country's financial system, and overall economic development. By

these criteria, a high growth economy is a pre-requisite for the development of sophisticated housing financing systems. The implication is that less developed economies would have an inefficient housing financing system. The experiences of the countries being reviewed, however, showed that such relationships do not necessarily hold true. A question arose about how to measure sophistication and efficiency. What seemed more relevant in the TWCs was not the sophistication of financial institutions - where the pattern was similar in terms of organisations such as a housing bank, special housing fund, and workers' fund - but how the majority (the poor and low-income families) benefited from the financing system.

Well-developed housing finance institutions do not necessarily help households affordability, but instead may impose more limitations such as lending restrictions and income conditions (UNCHS,1996). It is also worth noting that other channels of saving and investment outside the formal "mainstream" can be very important too (Renaud,1984; Boleat,1988). There are various examples of efforts to increase the flow of resources from the informal sector (rotating credit society, trade credit, etc.). Informal sector financing may connect up with "informal" production methods, and labour input too might be included as a form of capital in place of savings (as in "sweat equity" or "capitalisation" in self-help housing programmes: Harms,1992).

2.6.1. Housing bank

Accounts of TWCs experiences showed that some may have had sophisticated housing financing systems. There also seemed similarities in finance institutions set up by differing countries. A national housing bank seemed a popular institution and played a chief role in housing finance in Korea, Brazil, Tanzania, Tunisia, Jordan and Thailand. (see Ha,1987;Hardoy&Satterthwaite,1981;Mathey,1990). This did not mean that a housing bank became a monopoly, since it might compete with commercial banks. For example, in Tunisia, 10 commercial banks participated in housing credit

schemes. In Indonesia and Cuba the main institution was a national savings bank, while Nigeria operated through a Federal Mortgage Bank. In Mexico, housing finance was chiefly provided by private commercial banks; they were required to reserve 30 percent of resources for financing housing loans (Meffert,1992;UNCHS,1996).

2.6.2. Workers' funds

Workers' funds were also fairly common (cf European and Japanese experiences; see Walters and Sweet,1977 and Renaud,1984). In Mexico, employees' contributions were handled by three institutions (for public sector employees, armed forces personnel and private sector employees)(Hardoy,Satterthwaite,1981). In Tunisia sources of workers funds were the National Retirement Fund for public employees and National Social Security Fund for private sector employees. In Korea, the Workers' Property Formation Deposits provided a major source of funds. Brazil and Singapore had single employment funds: the Employment Guarantee Fund in Brazil, and Central Provident Fund in Singapore. The Central Provident Fund (CPF) was the primary source of funding for house purchase which supported the Home Ownership for the People Scheme (the CPF provided 96 per cent of financing). The impact was that the rental sector was reduced to a small proportion, only 4 percent in 1988, from the record high of 87 percent in 1964 (Ching and Tyabji, 1991). It was also claimed that CPF financing benefited house buyers by lowering their financial burden of having to pay for monthly repayments. For monthly payments they could use CPF savings²⁶. From an investment point of view, the CPF helped generate owning of property. The CPF became a viable institution because of high rates of contributions by employees and employers (Ching&Tyabji,1991).

An interesting variation of workers' based funding for house purchase was practised in China. Initially, under this scheme (1982-85), an individual buyer paid

²⁶Meng (1975) argued that buying a house using CPF savings gave higher financial gain than receiving savings after retirement .

only one-third of the total price of the house. The other two-thirds were subsidised by employers - mainly public enterprises and city governments. The policy was apparently criticised by local government and employers for it was subsidy-laden. The concept of a provident fund was introduced in 1991 and became a national policy in 1994, where employees' and employers' contribution was 5 percent each. Unlike workers' funds in other countries (except Singapore where there are some similarities in fund objectives), in China the provident fund is for a "special person housing account" for family housing purposes: to purchase a house, self-building, rebuilding and major repairs, or for retirement. According to Wang and Murie (1996), designating savings as a special person housing account would help to accumulate housing funds and gradually increase households' purchasing power by limiting spending on other consumer goods. The savings are held by a bank and managed through the employer collectively. The withdrawal of money is subjected to evaluation and approval by the employer.

2.6.3. Special housing funds

In addition to banking institutions, in some TWCs the state created a special housing fund. In Korea it was the National Housing Fund (NHF) which received contributions from National Housing Subscription Saving Deposits and National Housing Bonds. The NHF was managed by the National Housing Bank. In Mexico there were two intermediary funds created to support housing: the Fund for Operation and Banking Discount to Housing (FOVI) which provided money to credit institutions and private banks; and the Fund for Housing Guarantees and Credit Supports (FOGI) that assumed the role of guarantor for low-income households raising loans from credit institutions. In Tunisia, it was Caisse Nationale de Epargne Logement (CNEL), which received funding from the government, and provided credits for both house buyers and housing developers. In Saudi Arabia and Egypt, major funding was by the Real Estate Development Fund (REDF) and National Housing Fund respectively.

2.6.4. Community-based financing under State tutelage

Another channel has been a national housing fund providing credit facilities to organised groups in communities. This emerged into an important lending institution in several TWCs especially from the mid 1980s to early 1990s. In Mexico, it was the National Fund for Popular Housing (FONHAPO)²⁷ providing credits to families without stable employment (Meffert,1992). In Brazil it was "Mutirao"²⁸, a national programme of mutual aid housing, discontinued in 1990. In Thailand the government set up an Urban Community Development Office (UCDO)²⁹ to initiate an Urban Poor Development Programme. Other TWCs not covered by our country studies which mobilised such funds were the Philippines (where a Community Mortgage Programme established in 1988 focused on the bottom 30 percent of households, especially squatters) and Namibia (where a "Build-Together" national housing programme established in 1991 focused on assisting low-income households improving their housing) (see UNCHS,1996,pp.380 and 381 respectively).

²⁷FONHAPO was established in 1981. Among the objectives were to increase the low-income housing stock, help finance self-build housing and finance incremental housing development. A role of FONHAPO is providing housing credit facilities to organised community groups and not to individuals. Like any other lending institution, FONHAPO has its terms of credit, such as setting the maximum amount of loan to 2,000 times the daily minimum wage of the region, a deposit of 10% to 15% of the value of loan, and repayment period of 7-8 years. However, the amount of repayment was set according to the repayment possibilities of the group. It was reported that 50% of FONHAPO subsidy reached low-income families of less than 1.5 times the minimum monthly wage (see UNCHS,1996,pp.371-377).

²⁸"Mutirao" was established in 1986 to cope with financing of community low-income housing, after the housing bank faced bankruptcy. Mutirao projects seemed more in the nature of pilot projects being implemented in Sao Paulo and Fortaleza. The funds were managed by state authorities which established Communal Societies for People's Housing. Mutirao loans only paid for cost of materials, while housing construction was by collective self-help or individually. The success of the "Mutirao" programme was reflected by formation of 100 communal societies in Fortaleza, most communities consisting of between 50 and 100 households (see UNCHS,1996).

²⁹The UCDO was established in 1992 within the National Housing Authority with a responsibility for implementing social and economic programmes for the urban poor: housing, income generating projects and revolving funds. The success of the UCDO programmes was reflected by the numbers of housing projects implemented; by 1995, 15 new housing projects were developed by slum community organisations and later became housing co-operatives, and there were 20 housing improvement projects (UNCHS,1996,p.380).

In Bangladesh, community based financing has involved the Grameen Bank. This deserves discussion here, for it has become a successful model in financing income-generating projects and housing, mostly for women clients. In addition, the model is apparently being replicated even in the United States. The Grameen Bank model³⁰, introduced in 1976 in Bangladesh, is not associated purely with the Islamic system. The strength of the Grameen model³¹ was the principle that credit was extended to the poor without collateral, with loan repayment on a weekly basis, and "loan syndication" based on a "group and peer monitoring system"³². As Hossain (1993,p.14) puts it, "the existence of the group acts as collateral for the bank loans." The credibility of the group as a whole and its future new loans are jeopardised if one member breaks the discipline and defaults on loan repayment.

³⁰The operation of the Grameen model appears unique in its philosophy and principles in which it is believed that credit is a fundamental human right to satisfy basic need. Every person (the poor) must be allowed a fair chance to improve his or her economic condition by ensuring accessibility to credit on reasonable terms and conditions. Apparently, credit could be safely extended and a focus be placed on the very poor without collateral through an organised group system (Yunus,1990; Hossain,1993). The Grameen Bank was apparently able to ensure 98 percent recovery of loans at due date. The share capital of the bank increased from Tk 30 million in 1983 (with ownership of capital of 60 percent by the government and 40 percent borrowers) to Tk 72 million in 1986 (with 75 percent borrower-shareholders and 25 percent the government).

³¹Each group is organised in a form of five like-minded people of similar economic standing. So they may enjoy mutual trust and confidence. Only one person from a household can be a member, and relatives must not be in the same group. Male and female members form separate groups. Each group is headed by a chairperson and a secretary elected amongst the group members on a rotational basis. The chairperson is responsible for discipline in the group and for supervision of loan utilisation by the members. Each group holds a weekly meeting, and all members are obliged to attend. At a village level, a number of groups are federated into a centre, headed by a centre chief and a deputy centre chief. Groups of male and female members form separate centres. Centre chiefs ensure attendance at the weekly meetings, payment of loan installments, and overall discipline. When a group is formed, it is kept under close observation for a month by the bank workers, and given indoctrination on the Grameen Bank. The prospective borrowers participate in a training programme for a minimum of seven days. The training is intended to make the members thoroughly conversant with the rules and regulations of the bank. The training agenda includes the group saving programme, health, children's education, social development programme, and responsibilities of chairperson and centre chief (Hossain,1993,pp.11-21).

³²Loans are given to a group of borrowers who are mutually responsible for repayment and agree to guarantee others in the group. Lenders create an environment of interdependence in which each borrower has an incentive to monitor the performance of others regarding the utilisation and repayment of loans (Mahabub,Wahid and Khan,1993).

The same modus-operandi applied for housing loans. Housing loans extended to the poor were of two types; namely a "basic" loan and a "moderate" loan (Rahman and Hasnat,1993). The interest rate charged was 5 percent with repayment in 10 years. By May 1990, the bank had financed 80,000 housing loans, and women accounted for 80 percent of the beneficiaries (see UNCHS,1996,p.383). The impact of Grameen Bank housing loans for the poor reveals a number of results. Housing loans for the rural poor contributed to increasing their productive capacity where housing loanees worked at least two hours more than general loanees, housing loanees were able to accumulate more assets than the general loanees after joining the Grameen Bank, and there was an increase in per capita income of housing loanees' family members. It seemed that housing for the poor need not necessarily be run on charity. In this instance, the poor could service their housing loan installments: 100 percent of loanees paid not only on schedule but more than the required minimum. The findings rebutted conceptions which saw the poor as unsafe loanees, defaulters in loan repayment, and necessarily needing collateral as security³³.

2.6.5. Non-Governmental organisation (NGO)-based financing

Some experiences in TWCs (although not ones covered in the thesis country studies) showed how relevant NGOs could be in assisting access by the poor to credit facilities. Examples were Catholic Social Services in Karachi in Pakistan, and wider-based ones such as FUPROVI in Costa Rica, the Housing and Local Management Unit (EVGL) in Chile, and the Fundacion Carvajal in Colombia (see UNCHS, 1996, pp. 382-386). Methods of assisting the poor varied. The Catholic Social Services, being a small organisation, offered limited assistance to low-income groups, with short term loans. The FUPROVI, EVGL and Fundacion Carvajal operated on different scales with the objectives of integrating their assistance into formal sector housing finance.

³³The poor may be eager sometimes to contribute to economic activities. This may be so in Western countries too. For instance, a study including perceptions of black minority ethnic people in the United Kingdom revealed that among Pakistanis and Bangladeshi Muslims, some believed it was "haram" (unlawful/forbidden) to accept income support (subsidy) if they could still earn a living. (Law,Hylton,Karmani and Deacon,1994).

The FUPROVI offered financing to poor families, while EVGL operated as guarantor for loans. The Fundacion Carvajal's assistance was in the form of training in self-build techniques, supported by bank loans.

2.6.6. Assessment of beneficiaries

Major issues in housing finance have been inequality of access to financing facilities and discriminatory practices. Low-income families frequently gained minimally from financing systems. They were subjected to regulations and restrictions such as minimum income requirements, savings requirements, high interest charged, etc. Some specialised housing financing institutions like housing banks and national funds seemed not to be improving the situation of low-income families, but instead operated like ordinary commercial banks. They identified customers by their financial worth. Their impact in improving accessibility of low-income families to housing credits and loans seemed small. These issues were evident across most countries studied.

In Korea, the Korean National Housing Bank (KHNB) and National Housing Fund (NHF) charged high interest rates on housing loans for low-income housing, and set limits on loans. NHF borrowers were required to have savings with the NHF before credit could be considered (Ha,1987). The result of restrictive criteria, in 1983, was that beneficiaries of KHNB loans were people earning 69 percent higher than the average income for households in large cities of Korea. In Tanzania, the regulation on credits benefited people with fixed employment, the majority civil servants. The Tanzanian Housing Bank serviced only 28 percent of urban inhabitants and the top 7 percent in rural areas (Nuru,1990;Kaitilla,1990). In Brazil, credit facilities by the Brazilian National Housing Bank (BNH) apparently completely bypassed up to one-half of the urban population earning less than one basic salary. Civil servants in Nigeria were granted a preferential interest rate of 3 percent by the Federal Mortgage Bank whereas the bank charged 6 percent for commercial housing

(Hardoy, Satterthwaite, 1981)³⁴. In Hong Kong, income criteria had restricted accessibility to only 50 percent of low-income renters who could afford a home under the Home Ownership Scheme. The majority of the houses were sold to middle-income groups (Castells, Goh, Kwok, 1990).

Systems which apparently favoured low-income families were practised in Egypt, Saudi Arabia and Mexico. In Mexico, the FONHAPO interest charged was low at 2 percent per annum, but the subsidised loans that benefited low-income families were less than the help received by wealthy families (UNCHS, 1996). In Egypt, low-income families enjoyed better opportunities for low interest loans, at 3 per cent per annum (Davidson, 1984). In Saudi Arabia, the REDF provided long-term interest-free loans to private sector builders (Al-Hathloul, 1992) to stimulate production. Perhaps financing systems in Egypt and Saudi Arabia might be attributed to Islamic values which forbid interest, and encourage state responsibility to help the poor. But FONHAPO also demonstrated a financing system (from non-Islamic communities) that had similar objectives to those in the Muslim communities. However, practice in Tunisia did not reflect such value systems. Here, Landeau's work (1991) indicated the unreliability of the institutions in helping poor households. Mortgage facilities from CNEP were biased towards high income families who enjoyed loans for luxury houses, and extended loan periods. Experiences among Muslim countries showed no uniformity of practice in finance.

Where financing operated differently from the formal sector, as with community based methods, this seemed helpful to the poor.

³⁴Academic discussion of policies in Nigeria and Tanzania seemed particularly useful on the issue of power and the role of bureaucracy, and the advantageous position of civil servants. Studies indicated how civil servants had gained housing access and finance facilities. In Nigeria, a survey by Salau (1990) on the beneficiaries of public low-cost housing in six cities revealed civil servants as the dominant beneficiary group. Discriminatory practices had had impact on low-income groups, in terms of accessibility and affordability. In Tanzania, studies by Nuru (1990) and Kaitilla (1990) showed civil servants benefited most from housing programmes and enjoyed preferential treatment in financing facilities and subsidised public housing.

2.7. Housing tenure systems

Some scholars have associated home ownership with four common themes: individual choice and preferences; social groups and competition determined by bargaining power in relation to bureaucratic allocation systems; constraints and rules of access by allocators such as access to mortgage finance, land, and aid and services granted; and political economy of production systems (Forrest, Murie, Williams, 1990). Home ownership in the TWCs had variations related to such themes. In countries with formal production systems such as Singapore, Hong Kong and Korea, ownership seemed more absolute; where countries depended more on an informal housing sector, the form of ownership could be vague, associated with "de facto" owner-occupation. UNCHS (1996) identified some relationships between incomes and patterns of ownership for selected cities: low-income countries appeared to have a lower percentage of owner-occupation and higher percentage of illegal or unauthorised housing (p.197).

Among the NICs, Singapore demonstrated full scale owner-occupation. By the mid 1980s, owner-occupation had reached 74 percent of households, and rental declined to 26 percent. In contrast, in the same period Hong Kong achieved 6 percent owner-occupation and 94 percent rental (in Ching and Tyabji, 1991). In Korea, owner-occupation declined from 79 percent in 1960 to 65 percent in 1985 (Ha, 1987), and to 50 percent in the 1990s (Hannah, Kim, Mill; 1993; Kim, 1992). Even in a high income country like Saudi Arabia, in major urban areas, during the 1979-83 period, 49 percent were renting, with rented units mostly apartments (Al-Hathloul, 1992). The situation in Hong Kong was the result of a purposive policy of promoting rental housing. The case of Korea was attributed to factors such as financing problems due to extra financial requirements imposed on buyers, absence of mortgage facilities to support the owner-occupier scheme and high prices of houses (Ha, 1987), and difficulty in securing mortgages for owner-occupiers from KNHB, where only a small minority of first time-buyers gained access to KNHB mortgage facilities (Hannah, Kim, Mill, 1993). The

decline in ownership was also because of resale of houses by original residents to second parties, under tight financial regimes. According to Ha (1987), resale reached 77 percent of the original residents who sold their rights to middle-income families.

Experiences of NICs revealed important factors that influenced successful owner-occupation policy. Singapore's experience showed how full state involvement supported by a financing package from workers had enabled sustained owner-occupation. The system which integrated housing production with workers savings and repayment methods guaranteed extensive access to housing. The filtering strategy³⁵ adopted by Korea and Hong Kong as an approach towards home ownership was open to criticism. For instance, Ha (1987) commented that the filtering concept remained a fallacy so long as the financial mechanisms and mortgage market worked to the disadvantage of the low-income group. The strategy was dependent on economic growth and equitable income distribution, preconditions not met by TWCs.

In TWCs where production by the informal housing sector was important, the situation of owner-occupation was difficult to ascertain. It was influenced by land tenure systems and practices of the country. In Indonesia, in urban areas, the KIP self-help housing was a "de facto" owner-occupation: land was still owned by the Government, but with assurance of no eviction. Similar patterns of "de facto" tenure rights home-ownership (Gilbert,1994) were seen in Latin American cities covered in studies analysed. In 1980-82, owner occupation in Mexico City was 64 percent, Guadalajara 52 percent and Puebla 48 percent (Gilbert,1994). In Bangkok, owner-occupation was small because the majority of the land was privately owned and an owner-occupier of land and house was rare (Crooke,1983). In slum areas, in 1985, 74 percent of urban dwellers were renting and 23 percent squatting (Wanghanchao,1987).

³⁵Filtering strategy builds on a process of neighbourhood change whereby housing passes from one social group to another. Most filtering involves relatively old housing in an area moving down the social scale: as the former inhabitants move out to better quality dwellings, their previous homes become relatively cheaper and so accessible to lower income groups. For details see Johnston, Gregory and Smith, 1994.

Cuba had legislation to effect home ownership and adopted a policy which made rentees of public housing eligible to enter home ownership (Mathey,1992).

In some places rental - primarily private sector - seemed dominant. Malpezzi et al. (1986), for instance, gave a generalised figure of two-thirds or more of housing stock being rental in TWCs. More specific indications of rental situations by cities in TWCs were in the UNCHS report (1996:p.212). Cairo had 59 percent (1986), Tunis 28 percent (1989), Amman, 25 percent (1985), Jakarta, 30 percent (1988), Seoul, 59 percent (1987), etc. High percentages seemed to be in line with policies which encouraged a private rental strategy to cope with housing demand in urban areas. In the rental sector the "chonsei" (key money) system (Kim,1992;Hannah,Kim,Mill,1993) is worthy of discussion. A landlord collects a lump-sum deposit under an occupancy contract normally for a minimum period of one year. The tenant, then, is not required to pay monthly rent and the deposit money is refundable at the end of the contract period. It is claimed that the system has had several advantages to the landlord and rentee. A landlord gained profit from the lump sum rental paid by a rentee by investing it, or often using it in the purchase of the dwelling. For a rentee, the chonsei system helped in acquiring accommodation. Middle- and upper-middle as well as higher income families could apparently make their first home purchase by paying part of the price from their accumulated assets and part from chonsei money returned by a landlord (Hannah,Kim,Mill,1993).

Rent control practices of TWCs prompted mixed views among scholars, with a potential conflict between the need to satisfy the market so as to increase supply of units, and social equity. In some places government controlled rent by legislation (as in Tanzania in the Rent Control Act 1966) to restrict chargeable rent by landlords and ensure security of tenure (Kaitilla,1990). Rent controls, however, might have repercussions in reducing the quantity and quality of housing available. The work of Gilbert and Varley (cited in Gilbert,1989) in Mexico, seemed to support the view that inadequate rental housing was the consequence of declining profitability due to rent

control. The study also showed that stricter building regulations inhibited construction of sub-standard housing. However, a study by Malpezzi, Mayo, Gross (World Bank, 1986) in Cairo, showed that new construction had continued despite rent control. Malpezzi et al. argued that while rent control was a pressing issue, effects of different control regimes and decontrol methods were not satisfactorily known. Meanwhile, there might be "bargain" rents for public housing: dual rental pricing seemed to be a common phenomenon in TWCs.

Strategies of subsidised rentals in public housing varied between countries. In Cuba, rent was fixed at a flat rate of 10 percent of family income (Mathey, 1991). In Hong Kong, low-cost rented housing subsidy was for specific households, and fixed at a monthly rate (Fong & Yeh, 1975; Castells, Goh, Kwok, 1990; Ho, 1992). One common public sector rental policy was a differential rental scheme or charge. For example, in Lagos, Nigeria, room rental in high-density locations was fixed at a set figure, while rent for an entire house in low-density areas was fixed at 25 percent less than prevailing market rates (Salau, 1990). In Singapore, a subsidised rent differential policy was implemented in the 1970s. By contrast, a policy of more indiscriminate subsidy was practised in Tunisia that benefited also people from middle- and upper-income groups (Hardoy, Satterthwaite, 1981)³⁶.

In the informal housing sector, rental forms had become an accepted practice. This was observed in self-help settlements, in Indonesia (Silas, 1987), Tanzania (Nuru, 1991), and Mexico (Meffert, 1992). Informal housing developed into a rental sub-market and the proportion of renters might well increase in these settlements (Gilbert, 1992). According to UNCHS, rental sub-markets and accommodation in the TWCs have been very diverse with variations such as rented rooms in subdivided inner-city tenement buildings, rented rooms in custom-built tenements (common in

³⁶Rural housing units received the highest subsidy at a standard amount of 20%. For housing units constructed as part of a National Rural Development Programme, the government granted further subsidy amounting to 25% of the unit cost.

Latin American cities; see also Ward, 1990), rented rooms, bed or bed hours in boarding or rooming houses, rented rooms or beds in illegal settlements, and rented rooms in houses or flats in lower- or middle-income areas of the city (1996:p.216). Development of rental sub-markets was seen by Gilbert as due to diminishing supply of urban land, acute housing shortage, high unemployment levels and a decline in income or unstable employment. Under these circumstances, squatter families or owners apparently sub-let rooms as a source of income (Gilbert, 1992). Kumar (1996) attributed the development of rental sub-markets in the informal housing sector to the growth of petty commodity production and landlordism. His argument was that households responded to constraints of the families' economy. Under such conditions, dwellings erected primarily for self-consumption were later converted into the commodity form through rental, developing into subsistence landlordism.

2.8. Planning systems and building standards.

The impact of land use planning has been much debated in Western countries. Amongst the issues have been questions about whether planning improves on markets by taking externalities into account, by taking a long term view of environmental needs, by permitting an input from non-owners into environmental decisions, and so forth. There are also negative claims, such as assertions that governmental land planners have adverse effects on housing prices, types or output, on profit levels and performance, etc. (for recent relevant discussions see Monk and Whitehead, 1996; Monk, Pearce and Whitehead, 1996; Evans, 1996; Gilg and Kelly, 1997; Baker and Wong, 1997; Tsoulouvis, 1996). The planning systems of some TWCs - especially ex-colonies - have reflected regulatory planning ideas from countries such as Britain (this is very much the case in Malaysia), so that Western debates may be relevant. In addition, some early UK planning ideas (such as Garden Cities or the use of land "development values" to fund public services; see Howard, 1898) have travelled abroad. Apart from the colonial heritage (Carter, 1981; Gilbert, 1992), there has been export of planning through "professionalism mechanisms": ideas and technology

which provide a part of urban culture in the ex-colonial world (Ravetz,1980,p.236). In the early period, colonial policies on land use and residential planning in TWCs cities were often characterised by pursuit of colonial interests: such as export of resources and civil administration (Carter,1981,p.381), and segregation of residential accommodation between European community and indigenous people. Later, there could be an impact (post-independence) on settlement policies and practice, ethnic division by "race" and tribes, class and income (Gilbert,1992), or segregation of land in the interests of different groups (Ravetz,1980,p.245). Today we might also find the importing of ideas about conservation, "green cities", etc. (Goode,1990). Broad issues around environmental policy and land use planning, however, are too complex to be covered in this thesis, which is more narrowly concerned with housing. Nonetheless, it is important to note that planning systems may have had negative and positive effects on housing experiences, even though detached and detailed empirical studies of impacts of regulation in TWCs like Malaysia do not come easily to hand (although see World Bank,1989).

At the "micro" level of building standards and design, scholars do seem to have found it feasible to demonstrate an adverse impact from Western values. Westernisation in urbanisation processes was exemplified by Kuwait. According to Hugh and Robert (1979), Kuwait had adopted western patterns of urban design characterised by high-rise glass buildings, heavy motorization and western-style housing. In contrast, Saudi Arabia showed less inclination to western style in urban design. The policy was maintaining traditional Arab architectural design, with the exception of new towns such as at Riyadh, Dahrán and a few others to accommodate westerners employed in these cities. In Iraq, Hugh and Robert (1979) pointed to the repercussions of westernisation where traditional urban flavour and architectural beauty had progressively decayed and disappeared as more areas and buildings possessing such qualities declined or were regarded as irrelevant in the mood of new direction of urban design. Additionally, the approach contributed directly to loss of

traditional building and design skills evolved in the past to handle special environmental requirements peculiar to Middle East conditions.

Ravetz (1980) has argued that the importation of western planning values and standards and their application³⁷ by Third World countries overlooked the native context. Schofield et al. (1990) illustrated the advantages of traditional styles of housing in respect of culture and climatic conditions³⁸. Restrictive building codes and standards applied by TWCs could be in themselves a self-defeating strategy. Hamdi (1991) argued about professional dilemmas among housing planners and professionals to accommodate and adapt to the communities' desire for housing.

The work of Mayo, Malpezzi, Gross (1986), demonstrated the effect of high standards of sites and services projects on the incentive of target groups to participate³⁹. The study revealed positive relationships between high standards and the need to provide subsidies to induce participation of target groups. Gilbert (1992) pointed to an error in government housing programmes by most TWCs, arising from adopting high architectural standards for housing for the poor, without a clear understanding of the needs of the recipient population. This resulted in government housing generally becoming too expensive and beyond the reach of target groups. An expensive house would mean high repayments of mortgage, and at a regular schedule which they could not afford, inducing them to "fiddle the system" and sell their houses to lower-middle and middle-income groups.

³⁷For example, Town and Country Planning Acts in Malaysia and Zimbabwe follow mainly British town and country planning codes.

³⁸The advantages of traditional styles of housing according to Schofield et al. are more than just the cultural aspect, but their suitability for local climate and climatic fluctuations. They argued that the complexity of designs seems difficult to replicate using other designs. They quoted examples of several studies of traditional styles of housing in Latin America, Africa and the Middle East, and of the roles of local designs and technologies in house construction which maintain a cooler daytime climate within the house, provide daytime shade and preserve atmospheric humidity.

³⁹The study used an income and willingness to pay model applied to an African country. It demonstrated that the required subsidies were extremely sensitive to choice of design standards.

Oram (1979) suggested that building standards were sufficient when housing fulfilled four major conditions: (i) Shelter from elements such as climate. (In tropical climates, houses of simpler construction were sufficient in meeting protection by contrast with those designed for cold climates.); (ii) Conditions which promoted good health such as provision of basic services, clean water and removal of all kinds of waste. (These are more important than methods of house construction that may absorb much of householders' income.); (iii) security from dangers of fire and health hazards; and (iv) adequate space and privacy. (Privacy does not necessarily mean physical barriers, but could be preserved through tactful behaviour rather than through partitions and doors as in the west.) According to Oram, if the four conditions were accepted as constituting basic standards for all housing, that would facilitate policy "in terms of land, planning layouts, construction of houses and means of providing services" (p.44).

In any event, evaluation of standard-setting seemed to provide evidence of shortcomings. For instance, in Korea, regulations imposed on non-formal housing resulted in some areas eligible for legalisation not being included in development plans (Ha,1987). The studies by Salau, Nuru and Kaitilla showed the relationship of building and design standards to high construction costs. In Nigeria, government-built houses had been expensive compared to houses built by private commercial entities (Salau,1990). In Tanzania, between 1973-81, average cost of a low-cost housing unit had risen greatly, apparently resulting from "elitist" values of town planning and building regulations based on western standards. Salau's survey revealed popular objections to such requirements. The public apparently preferred relaxation of building codes, and for housing authorities to give quick approval of plans. In Tanzania, local communities apparently rejected public low-cost housing based on sites and services, on the ground of design and house lay-out which differed from their traditional Swahili, "Hehe" and "Gogo" houses (Nuru, 1990; Kaitilla, 1990). A similar experience was reported in Malaysia, where most low-income families seemed reluctant to accept

design of a "core house"⁴⁰ with one bedroom and attached toilet/bathroom (National Housing Department, 1993).

High costs were often attributed to high building standards (as illustrated by Nuru in Tanzania, Salau in Nigeria, Wanghanchao in Thailand and Silas in Indonesia). By contrast, when standards were reduced, and local building technology and use of traditional cheap materials were permitted, as in Egypt and Indonesia, costs were reduced and housing became affordable by low-income families.

2.9. Community participation and social development.

The countries study identified various forms of community participation. In housing estates in Singapore and Hong Kong, community participation was through residents' or tenants' organizations or associations. These were involved on matters pertaining to administration of estates, security, and to some extent housing policy, on a basis of consultations with housing authorities. In Singapore, community participation in society and nation-building was claimed to have objectives of neighbourhood building, harmony and integration of social classes. These would be achieved by promoting family links and inculcating an intra-family caring culture of the extended family assisted by a housing allocation system⁴¹; and by a mixed housing

⁴⁰Core house can be defined as a minimum form that is strictly planned and regulated. The design normally allows for future expansion. Harms suggests that it is one of the variations of government assisted self-help housing. See Harms (1992). In Malaysia, core house is referred to as "rumah ibu". See Chapter III.

⁴¹Family togetherness has apparently become an integral part of housing policy adopted by Singapore, with a housing theme focused on strong moral values and family ties (see Zuraidah Ibrahim "PM: New steps to strengthen family" in *The New Straits Times Weekly Edition*, Saturday, August 27, 1994, page 1). These policies were supported by a "new" queueing system for HDB flats whereby 15% of the total supply of flats in new estates were reserved and allocated for married children who chose to live together with their parents and grandparents. Two schemes were introduced: (i) the Multi-tier Family Scheme, which gave priority to married couples who applied to stay together with their parents and grandparents in the same flat; (ii) the Joint Selection Scheme, which allowed both parents and their married children to submit separate applications for the same estate. (See *The New Straits Times Weekly Edition*, September 3, 1994, page 4.) The schemes and programmes to keep families intact, according to Ibrahim, had mixed success. A survey indicated that, in a joint balloting scheme which was introduced in 1978 where parents and married children were allowed to select flats within the same block or neighbouring blocks in the same estate, from 1978-93, a total of 24,421 flats had been allocated under

approach that "eliminated" social class. Promoting harmonious neighbourhoods was also to be achieved through house swapping where residents chose their neighbours to make up a neighbourhood (Castells, Goh, Kwok, 1990).

In self-help communities, participation could take the forms of mutual-help or organized labour. In Indonesia, mutual help was both at housing construction stage and for upkeep of community areas. Formal community organizations, however, were instituted as an integral part of local authorities' structures. At subdistricts level, Councils for Community Development (CCDs) supported by Community Units and Neighbourhood Units, were formed and utilised for coordinating and implementing socio-economic programmes and disseminating government information. In Cuba, microbrigades units, and in Tanzania Rural Housing and Construction Units (RHCU), provided technical support for house construction in villages and cooperative villages (ujaama) as the primary force for implementing self-help housing.

2.9.1. Women's participation

One trend in housing and its relationship to community participation is the increased role of women. Women's role has become more acknowledged and women

this scheme, or 6.2% of the total allocated in the same period. In the multi-tier scheme, which was launched in 1982, which gave its applicants a three-year headstart in the queue, a total of 16,953 flats had been allocated or 5.4% of the total number purchased in the same period. Some other smaller schemes showed limited success such as: multi-generational flats (introduced in 1987 as a pilot scheme and 367 units were built)- smaller flats with separate entrances meant for parents and built next to bigger flats for young marrieds - which were scrapped because of poor response; granny flats introduced in 1991 (a variation in multi-generational flats) where applicants could buy a flat jointly on the ground floor for their parents and another flat in the same block for themselves (only four of the 21 flats offered were taken up); a house expansion scheme introduced in 1993, where owners of three-room flats were allowed to buy an adjacent flat and expanded them into a larger unit: more than 400 families had taken up the offer. (See Ibrahim, "How close to home is too close?" in *The New Straits Times Weekly Edition*, July 16, 1994, page 12.) Another survey by the HDB showed that two in five (40%) married children preferred to live near parents. 20% lived in the same flat or next door to their parents, 10% lived in the same or nearby block, and 10% in the same housing estate. 20% of parents saw their married children every day, 50% saw their married children at least once a week, 20% at least once a month, 8.5% saw their married children less than once a month, and 1.2% never received visits. (See "HDB to make living near parents easier" in *The Straits Times Weekly Edition*, June 11, 1994, page 1.)

are seen to be directly involved in acquiring housing, especially for female-headed families. Experiences in some countries have shown womens' organisations directly involved in housing provision, not only in wealthy societies (for example in Canada) but also in relatively poor ones (as in Colombia) (UNCHS, 1996)⁴². However, in most TWCs, there has been apparently some lack of gender-awareness in housing policies. The implications are that in low-cost housing, priorities of women may have been neglected in terms of site design, house design and nature of infrastructure and service provision. Studies (Bernal,1994; Erman,1996) have shown the impact on women living in marginalised or "underclass" settlements and how they cope with the situation⁴³.

Clearly an emerging issue in housing and urban planning in the TWCs is the concern of city and gender. For instance, there is already a proposal in the Habitat Conference II for TWC governments to move towards a "gender-aware city". This

⁴²For example, in Canada, women's groups have helped develop non-profit housing to fill gaps in both shelter and service provision. Women's groups have become developers of permanent affordable housing for women. They have also pioneered new models of housing that included child care, skills training and participatory housing management. (See UNCHS,1996,p.350, Box 10.5.). Colombia in 1990 instituted a Women's World Bank and provided a credit programme targeted at female heads of households in Cali, as a pioneer project. The objective of the programme was improving the quality of life of families headed by women at the lowest socio-economic level in urban areas through income generating projects, household wellbeing, health care in families etc. (See UNCHS,p.351, Box 10.6). It may be that in TWCs, state support has been unavoidable in order for women's programmes to have impact.

⁴³Erman's study of a squatter settlement in Cukurca, Turkey, showed how social stigma attributed by the larger society to their housing environment can affect women more deeply if they share with the society the negative definition of their housing environment. The study revealed the conflict of value systems especially in young women's families. To disassociate themselves from the stigma of squatter dwellers, the young women's families isolated themselves from their community. They "employed psychological distancing to cope with the problem of living in a housing environment that was evaluated negatively by the people they valued and desired to be like" (p.774). On the other hand, the study also showed that such feeling was not shared by other women "who identify themselves with a community which does not share the value system of the society at large" (p.775). According to Erman, on the contrary, they seemed quite happy to live in their squatter gecekondur neighbourhood which enabled them to carry out various rural tasks: "created a housing environment where women of village origin spent most of their time, interacting frequently with one another...easily gathered outside or in each other's houses. They tended to use the spaces between houses, appropriating them as extensions of their homes" (p.771). The intactness of the neighbourhood was explained: "One never feels lonely or neglected in a gecekondur community if one gets along well with neighbours...when a neighbour whose husband worked abroad got sick, neighbours took care of her, bringing food and waiting beside her bed." (p.772).

would require the TWCs reorientating planning and management of their cities, to give more priority to women in housing conditions, health care, schools, nurseries, etc., and to reduce "gender-based inequities" such as in access to credit for housing, employment, training etc. (see UNCHS,1996,p.349). Simonsen and Vaiou (1996) have attempted to draw out a framework of a city based on life strategies of women - as individual and household - and their sets of priorities and practices.

Perhaps, however, the notion of a "gender-aware city" might conflict with a focus on the "model of the urban developer and entrepreneur as the saviours of cities" (Moulaert and Harloe,1996,p. 175), which implies that the image of cities mainly consists of urban renewal and local economic development strategies. The theme of the role of private entrepreneurs in "postmodern" cities was - for instance - noted by the Tenth Urban Change and Conflict Conference which apparently "endorsed" the effective role of private sector involvement and the rise of entrepreneurialism in shaping urban policy initiatives (Teedon, 1996). We need to be aware of the significance of economic values in shaping urban form, and the limitations on realising "peopled and gendered" re-making of the city.

2.10. Conclusion

Policy responses by TWCs to housing problems in some respects seemed to have similarities. The scenario of a correlation of economic growth and expansion with urban development or housing strategies did not hold true in all circumstances in the TWCs. Even so, policy directions that favoured self-build housing were perhaps more pronounced in countries with low GDP per capita. Developments in housing policies in countries studied might support the view of Gilbert (1992) that policy directions, choices and actions are influenced and limited by social and economic realities, resources of the nation, and (undeniably) the ideology of the state; and of Drakakis-Smith (1987) who argued that government responses to low-income housing needs were dictated by macropolicies and attitudes towards housing and the relative

importance of social and economic objectives within the overall level of investment. There are also philosophies of housing relating to labour and economic competitiveness.

Of course, state involvement directly in housing production is also seen as a "housing enablement" strategy for citizens. A trend in many countries is for empowerment of communities to provide their own housing, assisted by the state through community-based financing, NGOs, supplying land for low-income housing, and other land-related stimulant policies. These policies seemed evident in some less economically developed TWCs, reflecting levels of affordability for formal sector housing. The affordability criterion is an important determinant in housing policy or its success. Some states adopted a policy of compulsory workers' funds to help them accumulate savings, thus improving the ability to acquire a house. The accounts of experiences showed how crucial are land arrangements, financing systems and political factors (including governmental standpoints on markets and intervention, and the roles of regulators/allocators) in influencing access to housing.

International agencies, notably the UNCHS and the World Bank, have made significant contributions to debates, UNCHS having had more concern for social housing as a policy focus in TWCs, as embodied in the general declaration "Global Strategy for Shelter" and action plans for "adequate shelter for all" and "creating sustainable human settlements"⁴⁴. The World Bank has focused on economic issues and enabling housing markets "to work". To the World Bank, enabling markets to

⁴⁴See for example Hall's account of Habitat Agenda which reflected the commitment for improving access to housing: increasing the supply of affordable housing and tenure options; eradicating discrimination in access to shelter that is based on race, colour, sex, language, religion etc; promoting the rehabilitation, upgrading and maintenance of existing housing stock; ensuring that women and men have equal access to resources...and the right to inheritance and ownership of land and property; promoting socially integrated human settlements; preserving productive land in urban and rural areas and protecting fragile ecosystems from the negative impacts of human settlements; using public resources with transparency and accountability; promoting institutional and legal frameworks and capacity building conducive to civic engagement and broad-based participation in human settlements development; strengthening existing financial mechanisms and developing new mechanisms (where appropriate) for financing the implementation of the Habitat Agenda. (see Hall, 1996; Dodds, 1996).

work might have meant advocating that TWC governments "reformed" their housing policies with regulations and less direct interventions for markets to work "efficiently".

In seeking to place Malaysian housing issues and options in a context of wider experiences, we can note some basic lessons from other countries. State interventions can be crucial, but do not necessarily always benefit the poor. Barriers here may include commercial practices, privatisation, low affordability, the sheer scale of problems, and standards or costs associated with formal production regimes. There are also political and bureaucratic issues to bear in mind. All these factors may be relevant to how we look at policies in Malaysia. Equally important may be issues around informal solutions, which seem to have sometimes been beneficial. Finally, we may note that the impact of Islam does not immediately stand out from studies, although we began to touch on it on page 48.

CHAPTER THREE

HOUSING POLICY AND TRADITIONS IN MALAYSIA

3.1. Introduction

This chapter summarises some features of housing policy and practices in Malaysia in two periods: (1) the period before independence, and (2) the post-independence period (1957 onwards). Comment on the earlier period is within the limits of information readily available, one feature being a brief review of traditional Malay housing. For the post-independence period, our concerns and sources are more varied. Before outlining housing matters, we sketch some general background on Malaysia.

3.2. The social and economic background: population composition, urbanisation and national planning

Malaysia, composed of 13 states, is divided into two main regions: the Peninsular (11 states) and Sabah and Sarawak located in Borneo. In 1991, the population was 17.6 million people, of whom 14.2 million were in Peninsular Malaysia, 1.65 million in Sarawak and 1.74 million in Sabah (Department of Statistics, Malaysia, March, 1993). Although population density is low compared with Indonesia, Thailand, the Phillipines, etc., large urban areas have much higher figures. In 1980, Malays constituted about 37 percent (Agus, 1992, p.30) and Chinese 56 percent (Cho, 1990, p.170) of urban populations. (See Appendices 3.1 - 3.2 for population distribution by states.)

In terms of population distribution by urban and rural areas, in 1991, 8.9 million people (50%) lived in urban areas compared to 34 percent in 1980 (Department of Statistics, 1991). Part of the increase was attributed to natural growth, to a policy of

expansion of local authorities into their fringe areas (Department of Statistics,1993), and to rural-urban migration, estimated at an average of 4.1 percent per annum between 1980-90 (Idriss,1990,p.50). Alongside this has been an increase in working age groups between 15-64 years old, and a decrease in dependency ratio (for example in urban areas from 63 in 1980 to 59 in 1991 for every 100 persons) in the working age group, which suggests an improved standard of living in a family, and is linked to an increase in percentage of unmarried persons between the ages 10-49 years old and a decrease in married persons between the ages 20-39 years old. These factors will have a significant impact in the long term on patterns of demand for housing.

Historically, urbanisation was closely linked to development policies. Agus (1992), typologised the experiences of urban growth in Malaysia in five distinct periods and stages, and associated each with changes in social, economic and political aspects: Stage 1 - the era of the glorious Malay Melaka Sultanate in the 14th/15th centuries; Stage 2 - period under English colonisation in the 19th/20th centuries; Stage 3 - period during Emergency, 1948-60; Stage 4 - the era of the New Economic Policy, 1971-90s; and Stage 5- the era of new industrialisation, 1980s-90. Chong Yah (1967) also noted the impact of the Emergency period⁴⁵.

In considering recent events in Malaysian housing, we must note the New Economic Policy (NEP) 1971-90 which was the backbone of national development policies for two decades. The NEP was the attempt by the national government to

⁴⁵The Emergency period (communist insurgency) had created 600 "new villages" as resettlements of Chinese families. (see Agus, 1992). Chong Yah noted that using 1,000 population or more as an urban centre, new villages each had more than 1,000 population which meant that the Emergency period had created 600 urban centres. (see Chong Yah, pages 215-219.) In another comprehensive report on new villages, the statistics on population size were different from Chong Yah (Parti Gerakan Rakyat Malaysia, Kuala Lumpur,1986). About 62% of new villages had less than 1,000 population and 35% between 1,000 - 5,000 population. In the 1980s, the Chinese remained the predominant ethnic group in these villages and constituted about 85% (in 1983), 11% Malays and 4% Indian. In terms of spatial distribution, most new villages are in the States of Perak, Johor and Selangor. The concentration of new villages in these three states followed the pattern of economic activities during colonial rule, where the Chinese were employed in tin mining mostly in Perak and Selangor, and rubber plantations in Johor. In the 1980s also, many of the new villages have been absorbed into the administration of municipalities and town councils.

correct economic imbalances in ownership of wealth, and in economic production, and to eradicate poverty. The objective was equality of access to economic wealth as the foundation for national integration. The objectives and strategies marked a shift in national development philosophy from the apparently "laissez-faire" system inherited from the colonial administration to a welfare economic system. The NEP in this respect pioneered a welfare state in the modern era of nation building.

The NEP's objectives, strategies and programmes to some scholars were associated with development theories and concepts of the West. For example, Baharuddin (1977)⁴⁶ and Mehmet (1986)⁴⁷. Nonetheless during the NEP period there were considerable achievements. For example; the Gross Domestic Product growth rate at 6.7 percent p.a. (Economic Planning Unit [EPU],1991); poverty among households reduced from 49.3 percent in 1970 to 17.1 percent in 1990 (with urban households from 21.3 percent to 7.5 percent and rural households from 58.7 percent to 21.8 percent; and the restructuring of equity ownership (with the Bumiputra share of ownership increased from 2.4 percent in 1970 to 20.3 percent in 1990).

⁴⁶Baharuddin assessed the Second Malaysia Plan (SMP) 1971-1975 (the first Five Year Development Plan under the NEP), and pointed to some similarities of objectives, strategies and implementation with major assumptions and important concepts in diffusionist theory. He concluded that the socialisation of rural populations to a modern worldview such as an economic and production culture based on modern technology, urbanism, industrialisation and secularism might be revitalising laissez-faire and capitalist economic systems. In respect of corrective measures to redistribute economic wealth, he demonstrated how appropriation and expropriation processes benefited the land-owning and property owning members of society who constituted the minority. He attributed this outcome to laissez-faire economic systems which still remained the backbone of national policy.

⁴⁷Mehmet argued the challenge of Malaysian development policy was not the lack of resources or savings constraints, but the distribution of wealth and its management generated by rapid growth. The trickle-down theory which suggests that the problems of poverty and unequal distribution can be resolved without recourse to special policy (government) interventions but by accelerating the rate of production (growth), had its weaknesses. He suggested that what happens in the distribution process is explained by the theory of cartels and motives or behaviour of the public cartel which takes the form of public trusteeship. While his cartels theory relates to Trusteeship strategy in managing national wealth, it is relevant here. In a housing context, an example of public trusteeship involvement in commercial investment from public savings was the "Permodalan Nasional Bhd's" decision to invest RM\$165 million to build a 39 storey service apartment in Kuala Lumpur for the rental market. (See the New Straits Times, Friday, June 21, 1996.) This is a potentially contentious way of using profit derived from public savings.

The new policy regime, the National Development Policy (NDP) 1991-2000, saw a shift in strategy to a "free market" economy. The policy was for a private sector led economy, supported by policies of "Malaysia Incorporated" and privatisation. The attitude towards restructuring changed to align itself to the market, that is to rely on the private sector. In the Sixth Malaysia Plan period (1991-95), mean household income grew by 2.7 percent⁴⁸ and the per capita income grew at an average rate of 6.1 percent in nominal terms and reached \$6,180 by 1990 (UPE,1991).

Income distribution is an indicator of general affordability for housing, and of the relevance of strategies to help the poorer segment of Malaysian society. About 55 percent of households in Malaysia had incomes below RM\$799 (EPU,unpublished,1989). Unfortunately, this is the most up-to-date official figure available, although private sources suggest a possible increase. Within this low income bracket, about 39.2 percent were urban and 64 percent rural households. Among urban Malay households about 69.4 percent, Chinese about 31.4 percent and Indian households about 44.1 percent (EPU,unpublished) belong to low-income groups. (The definition of low-income here is based on government income eligibility guidelines of RM\$750 for low-cost housing). (More data are included in Appendices 3.3 - 3.4, covering numbers of poor households, and providing indications of general affordability by ethnic groups, housing needs of the bottom 80 percent, etc.). Incidence of poverty apparently declined from 1990 to 1995, with "hard-core" (poorest) household numbers falling from 143,100 to 88,800 households. Poverty apparently also declined markedly in particular in urban areas from 7.5 percent to 4.2 percent. There had been Government pledges to improve the poverty situation through employment and increased income programmes.

⁴⁸Growth in income of 2.7% is offset by an inflation rate of 4%, and a higher cost of living.

3.3. Malaysia's housing experiences before independence.

Reviewing community experiences in meeting housing needs may provide a useful start in an attempt to explore housing options in contemporary Malaysia. Problems such as affordable housing and building an "integrated community" are similar to concerns of the community in the past. Traditional experiences need not be discarded, even though they might not solve all problems and fulfil all expectations.

3.3.1. Period before contact with the West

In this period the feudal system might not have had a documented housing policy, but practices, traditions and culture in house design and organisation reflected the "policy" and approaches of the time. While we will not try to directly explain housing policy during this period, an attempt will be made to draw out the experiences in a traditional Malay society. We will interpret these in terms of housing policy issues of the contemporary period, such as concepts in house design, conservation and preservation of nature and surrounding environment, the concept of a garden house, Islamic values and the role of self-help housing and organised community labour.

An important aim here is to describe a traditional Malay house, using the works of researchers in this field. The descriptions below use direct quotations from sources, giving a clear explanation about a Malay house, social environment and organisation of the community. The work of Yuan (1987) while covering the later experiences of a traditional Malay house, also refers to past experiences, and concurs with the descriptions by Gullick (1987) who discussed traditional Malay society before and during the British colonial period. Yuan reveals that the practice of a traditional Malay house and 'kampong' environment still exists.

3.3.1.1. House design: a functional and multifunctional design

In pre-capitalist agricultural society (Emerson,1937), settlement was community based and organised in a village (kampong) structure. On the higher level of the hierarchy of the spatial structure was a large settlement which consisted of three or four villages comparable to a town with organised administration, traders, shopkeepers and artisans (Gullick,1987,p.98). The village has been described as consisting of a cluster of houses from 5 to 40 (Nahappan,1968) or 10 to 50 (Gullick,1987). Gullick described the land settlement pattern as consisting of a large settlement comprised of three or four villages and a small village or a hamlet. Each village constituted not less than five houses which meant a very close knit homogenous community. Housing in Malay villages according to Milner (1983) was of extensive houses, never joined to each other, which reflected low housing density. Milner described Malay villages as follows:

"in most states...the villages are scattered, and are usually separated from one another...The Malay prefers to have plenty of room". (p.7).

A record by Chinese travellers in the early Fifteenth Century (1451) described a Malay house:

"Both the King and his subjects revere the laws of Islam, and observe its fasts and penances...Their customs and usages are pure and simple. Their houses are raised on one-storey platforms..." (in Bastin & Winks, 1979:p.7)

Gullick described the standard elements of a simple Malay peasant's house in a village as follows:

"A Malay house was raised on wooden pillars...about 4 to 5 feet above ground level, and it comprised three functional parts - a place for the reception of visitors, a sleeping place, and a place for cooking.

A varendah (serambi), along the front of the house or projecting from it (anjung), was the only part to which male visitors were ordinarily admitted. Here the master of the house entertained guests and adult unmarried sons slept at night. Any handiwork which the occupier was engaged on such as a fish-trap, would be found here.

The central part of the house (ibu rumah or tengah rumah) was essentially the women's part of the house though the husband slept in it. The connubial sleeping place was usually curtained off and it might be a low wooden platform, with sleeping mats unrolled at night and a mosquito net unfurled over it. The unmarried daughters were accommodated in a semi-attic (para), which was an open-ended platform built from one side to project into the main room at head height. Women guests also were accommodated in the central room." (p.181)

Yuan's work (1991) covered the different designs of Malay traditional houses, from a house using a natural material such as leaves and bark of the bertam tree to a more sophisticated design of plank and other materials. The basic design and layout is described as follows:

"Basically the traditional Malay house...[is] centred around the `rumah ibu` (the core house) and the `dapur` (kitchen)..."

At the entrance...stairs lead up to a covered porch called the `anjung`. The porch [is a] transition space between the public and the private domains...Unfamiliar visitors and guests are entertained here. It is also a favourite place for the house occupants to rest, chat and watch the going-ons and passers-by in the village.

From the entrance porch, one enters into the serambi gantung (hanging verandah)...(a narrow area situated next to rumah ibu)...the place where most guests are entertained. Sometimes a partition separates the `serambi gantung` and the `rumah ibu`, providing

privacy for the private domain of the rumah ibu. The low windows in the 'serambi gantung' allows for good ventilation and good views to the exterior.

...'rumah ibu'...is the largest area in the house where most activities are conducted. Sleeping, sewing, praying, studying, and even feasting (kenduri) which is held during marriages and other festivals, all occur here." (pp.34-39).

The concepts of a functional (Gullick) or multi-functional (Yuan) Malay house have wider links. The design according to Yuan reflected the way of life of Malays, their culture and society that strongly adhered to customary laws (adat) such as women being separated from men in all formal social interactions, "a reflection of social norms which restrict male-female relationships for young unmarried persons", extended families, the preference for community intimacy and a simplicity of life-styles (1991:pp.82,84,87). These practices are more than just due to custom of the Malays, but to the influence of Islam in the society: to comply to Islamic values, norms and the Shari'ah principles such as privacy, separation of women/men, hygiene, etc.

3.3.1.2. A garden house and "environmentally friendly features"

The concepts of a garden house, fruit orchard, love for the environment, cleanliness and building blended with forces of nature were apparently evident in traditional villages. The settings of Malay houses were characterised by the compound house with flower garden and fruit trees. Gullick notes:

"A peasant did not surround his (own) house with a separate stockade, for that was the privilege of a man of rank, but he often had a space in front (halaman) edged with herbs or flowers." (p.186)

The significance of orchards and gardens was described by several English officials who served in Malaysia:

"Their houses and gardens and orchards, occupying the whole of the rising ground,..."(Swettenham cited by Gullick,1987,p.186);

"In their gardens they cultivated sugar cane, bananas, the gourd and the coconut."(Winstedt,1935,p.15)

The tradition of orchard and garden was followed by more recent generations of Malays. This is observed in Yuan's work, describing the concept of a garden house in a traditional Malay village:

"The house compound in the kampong is meticulously well-kept, with the compound well swept and planted with vegetables and fruit trees, especially with coconut and banana and to a lesser extent with guava, pineapple, papaya and rambutan trees. Flowering plants are also grown in pots or the compound to decorate the house." (1991,p.88)

Those descriptions pointed to the concept of a garden house in two variations practised by the Malays. In the earlier period it implied an orchard garden, and in the later period the garden was a mixture of fruit trees and flowering plants.

3.3.1.3. Self-help policy and practice

The period before contact with the West apparently saw a prominence of self-building or self-help. Self-help was linked to important family events. Building one's own house was part of the cultural heritage of the community, and "everyone learnt how to build a house by lending a hand at the job" (Gullick,1987,p.183). Being a cultural heritage, skills were handed down that enabled most families to build their own houses (Yuan,1991). There was use of cooperative labour or mutual help to assist families, which reflected the mood of `gotong royong`: community's participation.

Factors such as family economy and affordability were also influential. The popular method was incremental construction⁴⁹. As Yuan put it:

"...a sophisticated prefabricated system which can extend the house with the growing needs of the family." (Yuan,p.4).

Gullick also noted:

"The upper class, like the peasants, tended to build more elaborate houses when the resources became available...Yet its design was still essentially in the traditional pattern." (p.187)

Design flexibility and construction technique allowed for easy extensions at various stages as need arose, such as a family growing in size, or as a family's accumulated savings increased. Yuan commented:

"The system grew out of the needs, means, constraints and socio-economic contexts of the users. It is a very well developed and sophisticated system which is based on addition principles which are sound in design, construction and aesthetics, and causes minimal disruption to the original house." (p.116)

Yuan also saw a traditional Malay house as a blend of flexible design, skill, and beauty, which conserved and observed forces of nature, when he commented:

"...incorporating [so] many of the positive aspects of life now being eroded by the [westernised modern houses]...It was designed and built by villagers themselves...a

⁴⁹The method of incremental construction was reported by several respondents in thesis field interviews as still popular at the present time. For example, one "executive" respondent reported his observation in Terengganu where through incremental construction, families built houses without raising loans, but instead using their incomes as a main source. This was reinforced by one informant in the case study area who described incremental construction as a suitable method to meet a family's housing need. This perspective, however, is apparently contradicted in a United Nation's report. According to this, building incrementally may increase overall costs. (UNCHS,1996,p.370).

manifestation of the creative and aesthetic skills of the community. It successfully and scientifically accommodated the needs of those staying in it with regard to control of weather, ventilation, shade and the optimal use of space. It blended perfectly with the natural environment...a natural expression of the social and cultural ways of life of the family unit and the community." (1991,p.11);

"The philosophical base of the traditional Malay house is basically very different from that of the conventional westernised modern houses: the environmentally-respectful against the consumer-conqueror; the conservor culture against the consumer culture; use-values against exchange values; decentralisation against centralisation; and basic needs against luxury needs." (p.10)

3.3.1.4. Design and aesthetic qualities

Hodder (1959) describes the design of the Malay traditional house as in harmony with climate conditions, taking advantage of breeze or natural movement of air for cooling effect. Houses built on piles offered advantages such as being kept clear from any dampness of the ground, giving a cool draught under the house, and providing storage space or even a work room underneath. Houses are ideally orientated and their eaves and windows so designed as to produce the maximum amount of shade during the day. Houses were frequently built beneath trees to provide shade and protection from the sun, following what Haider (1978) calls design principles giving environmental sensibility to natural topography: land form, trees, orientation and natural foci.

The traditional house design which accorded importance to natural ventilation and cooling provided a remedy to occupants' illnesses such as heat stress, heat exhaustion syndrome leading to heat-stroke, central nervous disturbances, or increased cardiovascular strain. Hodder noted that small differences in aspect and location of houses could produce appreciable differences in body temperature and comfort which

might influence health. Hodder's criticism of modern housing⁵⁰ is of the adoption of Western design. He suggested paying attention to traditional values.

Describing Islamic values in traditional houses, Hodder cited a Banjarese house, which had an open veranda and slits in place of windows. The slits were placed at such a height that a person sitting on the floor inside could look through them, but imposed a constraint on onlookers outside.

The work of Nasir (1986) illustrated the detailed aesthetic conditions of a traditional Malay house. He commented "from the writing [Malay History] it is known that the Malays as far back as 500 years ago had shown a special interest in woodcrafting in buildings and houses" (1986,p.37). There was a rich tradition reflected in use of artistic woodcrafting on doors, windows, roofs, grilles and staircases; not only amongst the wealthy but also in peasant houses. The characteristics of woodcraft were associated with natural beauty such as flowers, leaves, geometric patterns, and Qur'anic calligraphy which suggests Islamic influence in Malay housing as early as the 14th Century.

Nasir argued that woodcraft was not only meant for beauty. Woodcraft had a dual purpose; for aesthetic beauty and also to provide for a free flow of air in and out of a house. Air flowed through openings in the woodcraft and provided good ventilation (Nasir,1986,p.119). Design placed great emphasis on ventilation and cooling. These qualities have become less significant in modern housing (although see below p.79), and perhaps the methods are not suitable in brick or concrete buildings, or would be

⁵⁰Cf Hai on the neglect by designers of climatic conditions in building multi-storey flats in Malaysia: "Factors such as the need to provide cross-ventilation in each flat, to secure corrected north-south orientation so as to minimise heat absorption, to design the flats so as to prevent rain from beating in, and to keep down the volume of noise along the access corridor or up the dungeon-like air-wells, are objectives which have not received sufficient attention. Plans adopted were chosen on other grounds such as adaptability to industrialised housing technique or for reasons of economy" (1979,p.74).

precluded by cost factors. (These issues were raised by several informants in the thesis field interviews: see Chapters 5 and 6.)

3.3.1.5. Housing tenure

Housing was apparently generally owner occupied. There could be many reasons in an economic situation characterised by subsistence agriculture; land was abundant and easily accessible (see Gullick,1987) for ownership by people for agriculture and housing. Owner-occupiership also reflected status in the community.

In addition to vast reserves of rural land, simplicity of land administration has also been seen as having encouraged home ownership. People could open up "new" land for settlement;

"At their new settlement the migrants began to clear the land and build dwellings...all working together for common good, though each man has his lot demarcated...they all live in one square house, with rooms all round the outside...and the mosque is upstairs in the centre of the building." (Gullick,1987,p.105).

Such a settlement approach is in some ways similar to concepts of the Islamic village or community housing illustrated by "official" interviewees for this thesis.

3.3.1.6. Neighbourhood and social control

The concept of "neighbourhood" design also existed, although Gullick associated housing clustering with defence and security. To Yuan (1991,p.84) the concept of neighbourhood in traditional Malay society is more than a mere cluster of houses, but involves a community's intimacy evidenced by lack of territorial markings and physical barriers in a house compound. He describes how there was no clear definition of public or private spaces. They constantly overlapped and flowed into each other. In his view this might have promoted social interaction and a sense of belonging. This image was

still reflected by several interviewees in our fieldwork. Similar impressions of neighbourhoods were found in a recent study by Brookfield, Hadi and Mahmud (1991) showing many Malay villages intact with their traditional characteristics and style, houses built on stilts, with wooden floors and walls, but using more durable roof materials. The concept of a garden still existed, with perennial fruit trees providing canopies of shade and with vegetables of many kinds grown to supplement daily diet of households.

As a parallel to modern control of development in housing, some practices were applied in the community. Custom separated the ruling class and aristocrats from a commoner: for example, a peasant could not copy the house design of the aristocratic class and could not build in their proximity.

In a neighbourhood, the community's cohesiveness was also strongly contributed to by a mosque or "surau". This had a central position in Malay society and played welfare roles. Its roles were described as follows:

"In a village community, the central focus of religious observance was the mosque (masjid) at which the men...gathered for collective prayers on Fridays. It was the practice, when Friday prayers were over, for the congregation to discuss informally any other matters of common concern to them as a community before they dispersed.

A mosque was both a building and an organisation...was the most important communal building in the village...a mosque was usually public property...administered by trustees as a religious endowment (wakaf)." (Gullick,1987,pp.277-8)

"When a village or campong grows to any size...the religious welfare of the place is provided for [and] a mosque is also formally built and instituted" (Milner,1982,p.6)

3.3.1.7. Land policy and administration

Evidence about self-help housing, owner-occupation and access to land for settlement has indicated a history of flexible land laws and administration. People apparently had some equality of opportunity of access to land. Islamic land laws and customary laws were practised by state authorities which could partly explain a "generous" land policy. For example, in Melaka, in Malacca Digest 1523; Pahang Digest 1650, in Pahang; Kedah Digest 1650, in Kedah; Johor Digest 1789, in Johor; and Perak Code 1765, in Perak (Awang,1987,p.49). In these customary laws, Islamic principles were predominant such as "Ihya" (opportunity granted for people to clear and work vacant land and gain title for ownership), ownership ceasing after land is left idle for 3 years, the concept of "tanah hidup" (land with proprietary right by evidence of fruit trees or a house on the land) and the concept of "tanah mati" (land with no proprietary right) (Awang,1987) which allows flexibility for the community to exploit land for cultivation and building houses. These laws are evidence of key values in the conduct of society's affairs.

Where land administration allowed equal opportunity for access to land for subsistence needs, it encouraged people to spend their resources. Yet land was not apparently for profit making. In modern terms, land was not a speculative commodity. Gullick, for example, noted land transactions were merely to cover labour input involved when land was cleared for settlement. The seller of cleared land only charged cost of his labour (upah kerja).

3.4. Period of contact with the West.

Milner (1983) argued that the real threat of contact with the West was not economic but cultural. Western ideas challenged the bases of life-style. This was reflected in housing practices in Malay society in the aftermath of contact with the West and under the influence of the market economy. Technology gradually changed

building traditions and use of materials in house construction by Malays as described below:

"[When better materials became available] The well-to-do villager...employ a carpenter to make mortise joints...The supporting plinths were of concrete....he could roof his house with more corrugated iron `which turns the house into an oven at midday'...(Gullick,1987,pp.183-184)

A western life-style became apparent among those who could afford the luxury as reflected by these experiences:

"In the inner room the furnishings and possessions...became more elaborate. The sleeping platform, when not in use, was a place of display...house would have crocheted antimacassars and bentwood Austrian chairs,...".(Gullick,1987,p.185)

3.4.1. Colonial housing policy

3.4.1.1. Health-related concerns and protection of economic and business interests

A significant housing policy issue concerned health-related standards. This became important in town areas where insanitary housing conditions were a major cause of health problems such as pneumonia and tuberculosis (Mills,1942) and affected Chinese families, who lived in "cubicle" houses and formed the majority of town populations, far more than the Malays and Indians (Mills,p.320) (cf World Bank study,1995,p.162; and Milne,1983,p.321).

The first British town planning practices were introduced in 1801 with the objective "to lay out the town [in Penang] in a manner most suitable to the requirement of the inhabitants" (Nahappan,1968,p.12). Town planning began to shape housing form in town areas (in Penang, Singapore and Melaka) with "construction of streets,

sale of adjacent land in lots and plan for drainage system" (Nahappan,1968). Concern for public health was reflected in the Sanitary Boards Enactment, 1907, Municipal Ordinance of 1913 which was based on the English Public Health Act, 1875, and Public Health Act and Amendment Act, 1907 and Town Board Enactment (Amendment,1954) (Nahappan,1968). Building regulations were pursued through Building Bye-laws, and the specifications for new buildings set a satisfactory hygienic standard to which builders must conform (Mills,1942). Under the Bye-Laws, structures which had been condemned as insanitary were demolished (Mills,1942,p.320). Regulations in the Building Bye-law and Labour Code gave great importance to ventilation standards and criteria in house design. Sanitary housing and proper ventilation were to act as a natural remedy for lung diseases. Natural ventilation in traditional Malay houses was apparently associated with few Malays being infected with lung diseases. Past experiences showed a health related problem in urban housing due to poor ventilation.

Protection of business interests was also apparent in production sectors such as agriculture⁵¹ and mining. Housing in plantation estates was regulated by a Labour Code and had to conform to the Health Branch's Standards of construction of their dwellings, ventilation and sanitation. In the mining sector, the labour force apparently were generally housed in temporary quarters which provided the maximum amount of coolness and ventilation (Mills,1942,p.320). In districts and rural areas in which the administration had little economic interest, housing policy seemed of less priority, but health standards in Malay housing were relatively better than in urban housing anyway. Again citing Mills; "Malays living in the country districts, no control is exercised over building plans", since their traditional type of dwelling "is reasonably satisfactory". They usually "choose a site where air, light and water are abundantly to hand and the mode of construction ensures adequate ventilation". This largely explains "their

⁵¹According to Kratoska (1983), in the agricultural sector land could be obtained on easy terms. Englishmen of capital and enterprise were induced to take up land divided in blocks of 1,000 acres or two blocks of 500 acres each given free for plantation agriculture.

general good health and freedom from tuberculosis" (Mills,p.320). Mills claimed, however, that the approach neglected hygiene in villages, and that "housing in estates had better conditions than in villages" (Mills,p.317). This view seems to contradict assertions about the superiority of traditional Malay dwellings. Apparently, inequality of access to healthy and sanitary housing conditions was a principal cause of death in rural areas infected by malaria, fevers and a complicated health problem such as hookworm or cholera. Most probably this reflected not so much house design as external environmental factors.

3.4.1.2. Public housing

State intervention in urban public housing began in 1950, to provide housing opportunities for wage earners who could not afford to pay rent or build their own houses. The creation of a Housing Trust - a statutory body - was supposed to help low-income families in towns. According to Jagatheesan (1979), in practice, Trust rental policy was market oriented and determined by principles of return on capital: rents were fixed at least at "breakeven", at a higher level than the lowest income group could afford. Numbers built were also not large. For example, in 1957, a total of 1,496 units were built by the administration (Jagatheesan,1979,p.20).

The subsidy policy was producer-based where private builders were given capital advances at 4 percent interest rate and with free technical expertise and services given by the Housing Trust. The general public were offered access to loans through the Federal Building Society Ltd.⁵², a quasi-public corporation to promote home ownership (World Bank,1979,p.163) with loans at reasonable interest rates (Jagatheesan,1979).

⁵²Federal Building Society Ltd. later became Malaya Borneo Building Society (MBBS), but the function to provide cheap loans remained.

3.5. Housing policy post independence

3.5.1. Standardisation and costs

Ali Thamby (1979) claimed that development of housing policy into spheres of control between States governments, as providers of housing, and the Federal government, as funder of housing projects, was associated with emergence of a crisis of identity in housing. Indigenous technology had to make way for industrialised and standard plan houses. The Housing Trust was a federal instrument but with wide roles and responsibility in public housing such as providing technical assistance to States governments to help prepare house design and layout plans (and administration of building contracts, and supervision of construction) (Jagatheesan,1979). This was perhaps the beginning of the introduction of standardised architectural design. According to Ali Thamby, the attitudes of the Housing Trust were a source of conflict with States authorities. The Housing Trust was concerned with economic arguments to minimise costs through standardised housing, while States authorities resented this policy being rigid.

It is interesting to note, in connection with standards today, that despite the experiences of poorly ventilated housing in the past, there is a housing trend in Malaysia which gives lesser importance to natural ventilation, especially in terraces and flats for low-cost housing. Low ceiling heights and insufficient windows give a thermal effect. (The researcher observed this during the fieldwork in Kemaman Terengganu. Where ceiling fans were fitted, they were a hazard to occupants because of low height.) Present policy gives more importance to saving construction costs.

3.5.2. Housing policy directions under the NEP (1971-90)

The restructuring of social and economic disparities was the basis of housing policy under the New Economic Policy (NEP) regime 1971-1990. Policy reflected

government's favourable attitudes toward social housing and the welfare of low-income families, an outlook still evident after 1990. For example, here is a statement by the Minister of Housing in 1993:

"Realising the social and economic implications arising out of lop-sidedness of supply of houses, the government has placed greater emphasis in the provision of low-cost houses. The government has adopted a two-pronged strategy,...direct intervention in the form of public low-cost housing programmes implemented by the state governments with loans provided by the Federal Treasury, and...indirect measures in the form of conditions stipulated in the approval of private housing projects...should consist of at least 30% low-cost houses and selling price shall not exceed RM\$25,000 per unit with a floor area of between 500 to 600 sq ft.

Since the provision of low-cost houses can no longer be carried out commercially⁵³ with selling price fixed at RM\$25,000 per unit, the private sector should look upon the provision of low-cost housing as a social obligation". (See Othman,1993,pp.4-5)

The position of social housing and its accessibility for low-income families was strengthened by government commitment in successive Five-Year Development Plans. For example, a policy statement in the Sixth Malaysia Plan:

"The objective of the housing policy was to provide Malaysians of all income levels, particularly the low-income group, accessibility to adequate and affordable shelter. The development of housing was also aimed at providing a reasonable standard of living as well as promoting social integration for the community in the long term...housing development programmes were implemented based on the various social facilities and amenities which included schools, clinics, recreation and religious worship...commercial facilities such as shop houses and markets". (see Sixth Malaysia Plan,1991,p.363)

⁵³Cf Sen M K, then President of the Housing Developers' Association Malaysia, who claimed that a profit margin in a low-cost house was 15% or at RM\$3,750 per unit at the RM\$25,000 price. (see Sen,1989).

Government would, "...ensure that prices are within the affordability of various income groups, particularly those in the low-income group". (p.374)

Policy statements reflected promotion of home ownership through equitable access to housing at affordable prices⁵⁴. Equitable access was to enable low-income families to enjoy a better housing standard and a conducive living environment in planned settlements. A planned settlement was also seen as an "ideal" neighbourhood for upbringing of families achieved through provision of schools, recreation facilities, shopping, etc. Mixed-housing estates could help do away with social class in society without the poor and low-income families feeling stigmatised⁵⁵. (It is difficult to appraise the impact of such policies, however, especially as the speculative nature of the housing market might have penetrated even low-income housing.)

One focus was on housing for Bumiputra people. Bumiputra were given "preferential" treatment in housing, to correct imbalances in wealth distribution, but outcomes have been questioned⁵⁶. Agus (1986,1992) saw the problem of Bumiputra housing in urban areas as the outcome of the NEP goal of creating a Bumiputra entrepreneur community. The Bumiputra migrated to urban areas to take business opportunities, and to upgrade their standards of living. Expectations were that the Bumiputra would become active entrepreneurs, but migration and growth of numbers in urban areas left them facing housing shortage, squatting, and unemployment.

⁵⁴The percentages of Bumiputra and non-Bumiputra ownership of low-cost housing in urban areas varies by states. According to an evaluation survey commissioned by the Ministry of Housing, in Selangor the ratio was 72% Bumiputra and 28% non-Bumiputra; in Johor, the ratio was 24% Bumiputra and 66% non-Bumiputra; and in Pahang, the ratio was 60% Bumiputra and 40% non-Bumiputra. (see Ministry of Housing, 1993,p.3-3.)

⁵⁵The issue of stigma of living in squatter housing was cited by a key informant in the fieldwork interviews. (see ER6)

⁵⁶A study of house ownership and ethnic control by Ipoh Municipal Council in 1982 showed that in Ipoh Municipality, Chinese ownership was 64%, Malays was 13.1% and Indian was 4.6%. Agus argued that after 12 years of the NEP being implemented, the pattern of house ownership still did not reflect the aspiration of the government, especially for the Bumiputra. (see Agus,1986) (cf a view by one informant in the field interviews about the quota system . See ER15.)

Government adopted a "quota system" under which 30 percent of housing units⁵⁷ provided by private developers were to be for Bumiputra households.

3.5.2.1. Production functions and economic justification

Social housing's share in housing production in the Five-Year Development Plans is shown in Appendix 3.5. (For instance, in Fifth Malaysia Plan, 1986-90, 120,900 units, and Sixth Malaysia Plan, 1991-95, 128,100 units.) Figure 3.1 shows public agencies which have been involved in housing production in this recent period. Their roles are declining, vis-a-vis the private sector which became dominant although falling from (374,100 in 1986-90, to 215,700 in 1991-95). The multiplicity of agencies in housing production is not without effect on the delivery process. Sen (1982) linked the production structure with problems of complexities in physical planning and land use, land administration processes, problems in building control, and coordination with providers of public utilities such as electricity, water etc. He suggested that programmes had failed to meet national objectives of providing affordable housing to low and lower middle income groups.

⁵⁷The World Bank criticised the quota system as a cost burden to housing developers. (see World Bank, 1989). However, the Bank's analysis did not consider reductions in costs brought about by improved planning and approval processes, reduced standards which increased density in the Special Low Cost Housing Programme projects, and reduced land premium (and thus land cost). Its criticism also reflected insensitivity to a national policy to redress ethnic problems.

Figure 3.1: Agencies in the supply and construction of housing

	Institution	Type of housing built
A	The Public Sector	
(i)	Federal Agencies	
	PWD	Institutional quarters ⁵⁸ for civil servants.
	UDA	All types of houses joint venture with private sector.
	SPPK	Housing for sale for government officers.
	Statutory Bodies: FELDA, RISDA, etc.	Housing in land schemes for settlers and employees.
(ii)	State Agencies	
	State Secretary Inc.	Public low-cost housing.
	SEDCs	All categories of houses.
	Housing Commissions	Joint venture/private sector.
B	Private Sector	
	Private Developers	All categories and types of houses for private buyers.
	Co-operatives	All types and categories of houses for members.

⁵⁸The provision of institutional (government) quarters followed the recommendations of the Royal Commission of Enquiry on Salary Revision of 1971, where government took responsibility for providing quarters for its employees. Housing ranged from terrace houses for the lowest paid employees to detached bungalows for senior officials. In 1979, there were about 43,000 government quarters in Peninsular Malaysia. (For detail, see Jagatheesan, 1979, pp.34-35).

The period from 1986 onward saw a policy shift from public to private sector domination, related to a shift in macro economic policy. The new policy emphasised a private sector led economy⁵⁹ and low-cost housing was a policy instrument to combat economic recession. The assumption was that investment in low-cost housing (a Special Low-cost Housing Programme - SLCHP) could generate economic growth and provide employment. The SLCHP in 1986-88 had a construction target of 240,000 private sector units. The SLCHP with capital investment estimated as RM\$2 billion a year, financing a production target of 80,000 units a year, was expected to generate 2 percent economic growth. The SLCHP was an economic instrument but also reflected government effort to solve low-cost housing needs through markets. Private sector producers were to function as the major suppliers, with government agencies providing support; for example in speedy plan approval, new standard plans with higher housing density, and funding.

One critic, however, suggested the possible role of low-cost housing as an important political instrument for the pursuit of influence with the low-income majority⁶⁰. Agus (1992,p.126) felt that the press statement in December 1985 by the Deputy Prime Minister about the SLCHP programme might be interpreted this way. Time taken to complete housing projects raised doubt about the economic efficacy of the approach: for example, some developers claimed it took between 18 and 24 months to complete a medium size low-cost housing project.

Several experiences⁶¹ have pointed to an uncertain future for social housing. For example, the SLCHP was targeted for major urban centres such as Kuala Lumpur, Petaling Jaya, Klang, Penang, Ipoh, Johore Bahru, Seremban/Melaka and Kuantan,

⁵⁹Private sector-led economic development is reflected in the Policy of Malaysia Incorporated and Policy of Privatisation launched in 1983. These policies were a response to a prolonged recession in the 1980s and aimed to reduce public sector spending in the economy. (See INTAN,1992).

⁶⁰This is an issue referred to later in Chapter 6.

⁶¹See also Chapter 6 .

which are also major industrial centres. The SLCHP is market oriented and there is a potential demand in these centres where people have higher affordability (Sen,1986). The SLCHP might attract still more migration to these centres (Selangor and the Federal Territory Kuala Lumpur have received net migration of about 470,000 over 1971-90 [ADB,1991]), increasing pressure for housing and demand for land.

The SLCHP has also been criticised for its producer "subsidy". Private developers were given help to reduce their costs. The suggestion by the land authority (see Nordin,1986) for house buyers to pay a land premium was further evidence that SLCHP was producer-oriented: developers gained from the lowest nominal premium of RM\$1 per hectare. By contrast the SLCHP failed to address the consumption side such as house buyers' accessibility to cheap loans. Jamal (1986) argued that interest charged for low-cost houses at 10 percent was high. He suggested the authorities should have considered a repayment scheme (such as extension of the period and graduated repayment), to help lessen debt servicing burdens for low-income groups. (Chong,1986, however, disagreed about a graduated repayment scheme.) Interestingly, criticism was levelled against housing developers and market led low-cost housing production by Napsiah Omar (the then Deputy Minister of Housing and Local Government). Although incentives and concessions for the SLCHP such as lower planning standards and increased density had resulted in cost savings, this had not lowered the price of low-cost houses proportionately. (See Kok Peng,1989,p.29)

3.5.2.2. Political commitment and the goal of political integration

Administration of low-income housing has had two main levels of decision making. The National Consultative Council on Housing (NCCH) was established in 1971, with Chief Ministers of States as members to advise the government on public

housing (Ali Thamby,1979), and a State Liaison Committee⁶² for every State chaired by the State' Chief Minister (initiated in the Fourth Malaysian Plan). The involvement of Chief Ministers reflected political commitment on low-income housing. It also reflected involvement of politics in housing, political significance of low-income families, and pursuit of political objectives⁶³.

It can be argued that the rationale for high powered committees was linked to the goal of achieving integration through human settlement, mixed housing development and a quota; and correcting social and economic imbalances between ethnic or income groups. The impacts are not clearly known, partly perhaps due to little concern by the authorities for post-policy evaluations. There have been isolated studies, for example reported by Agus, in Melaka⁶⁴ and Pulau Pinang⁶⁵, related to social integration. The studies indicated mixed views. Religious issues were important. In Melaka, worries about the possibility of noise interruptions from non-Muslim neighbours, affecting the conduct of religious affairs, suggested the significance of grass roots feelings about ethnic practices. Melaka housing authority apparently had to resort to segmenting or grouping residents of low-cost housing by ethnic groups.

⁶²The liaison committee was aided by senior state officials, Federal Treasury, Ministry of Housing, and finance institutions (the Malaysia Building Society Berhad (MBSB) in Peninsular Malaysia and Borneo Housing Mortgage Finance (BHMF) and Sabah Foundation (SF) for Sarawak and Sabah states)(Ministry of Housing, 1981).

⁶³Examples of the public image being created were the press statements by the Selangor Chief Minister in 1987 that the state government planned to build very low-cost houses on state land; and the Education Minister's announcement in 1987 of "kampung" houses for poor farmers who cannot afford public low-cost houses. (See Kok Peng,1989,p.29).

⁶⁴Mas Habi examined the impact of polarisation of residents (101 families) in PAKR Paya Rumput, their attitudes toward neighbours and neighbourhood relationships. The allocation of the 101 PAKR units followed the objectives of the NEP- restructuring of society and eradication of poverty- in which the distribution quota was of a ratio of 7:2:1, that is 70% (71 units) for Malay families, 20% (20 units) for Chinese families and 10% (10 units) for Indian families. Most families in this neighbourhood (76%) had monthly incomes of RM\$500 and below. The study revealed intra-ethnic visits among the Malay and Chinese families but less for Indian families. Reluctances to visit related to religious taboos to certain life-styles of non-Muslims, etc.

⁶⁵For families in Riffle Range Low-cost Flats, Abraham showed that social interactions within the neighbourhood were restricted not by ethnic factors but by income differences. Families with higher incomes showed less interest in interacting with their neighbours for reasons that they would move to middle-class housing when they had the opportunity. (See Agus,p.75).

3.5.2.3. Affordability and target group

House pricing policy has helped stimulate consumption by low-income families. The price ceiling per unit, set by the government from 1982, made housing seem within the reach of the poor. In public low-cost housing (PAKR), the low price was supported by soft interest financing under a hire purchase scheme. This scheme did not apply in private low-cost housing where buyers had to raise loans from banks at market rates. A study by the Ministry of Housing (1993c), showed consequent differences in affordability and monthly repayments. Nurizan's study (1986) of City Hall Kuala Lumpur low-cost housing, for resettlement of squatter families, indicated an average monthly repayment under the hire purchase scheme of only 12.7 percent of mean total family income. Nonetheless, despite low-cost and low payment schemes, a study by the Urban Development Authority (UDA) in 1984, estimated that at least 80 percent of the lower income group could not afford the cheapest government built low-cost houses (PAKR) (Kok Peng, 1989).

In the private sector, the issue of affordable low-cost housing was acute⁶⁶. For example, the World Bank (1989) indicated low affordability where only a family with income of RM\$922 per month (compared with a national guideline of RM\$750 per month) could afford to buy a low-cost house at the controlled ceiling price of RM\$25,000. With 49.5 percent of households having monthly incomes of less than RM\$799, research showed a sensitivity to price increase⁶⁷. In another study, Kok

⁶⁶Consumers Association of Penang (1992) quoted academicians from the Institute of Housing, Building and Planning of University Sains Malaysia about many high income earners who bought low-cost houses. A study (1990) in Ipoh by a property consultant firm C.H Williams, Talhar and Wong reported many low-cost houses were bought by foreign workers as investments and profit was sent back to home countries like Taiwan, Japan and the USA.

⁶⁷The writer of this thesis had done a small analysis in 1992 on the implications of a proposal by the Ministry of Housing to review price of low-cost houses from RM\$25,000 to RM\$31,000 in rural areas and RM\$37,000 in urban areas. The study considered variable interest rates of 5.5% and 9.0% over a payback period of 30 years. For rural housebuyers, the result showed that at RM\$31,000, monthly repayments will be RM\$176.02 (at 5.5%) and RM\$249.44 (at 9.0%) and monthly incomes needed (at 20% allocated for housing) will be RM\$880 and RM\$1,247 respectively. For urban households, monthly repayments will be RM\$210.09 (at 5.5%) and RM\$297.71 (at 9.0%) and monthly incomes of RM\$1,050 and RM\$1,488 respectively.

Peng(1989) supported an argument about low affordability for low-income housing, quoting official income statistics, and concluding that "at least 40 percent of households cannot be eligible to obtain a bank loan of RM\$25,000 and thus could not afford a low-cost house" (1989:p.28) under conventional housing approaches.

Kok Peng suggested government consider alternative solutions such as self-help housing which he claimed would be affordable by the poor. He argued (1989,p.46), for access to land and finance, and allowing low-income families to build their own houses, quoting the work of Jee Yuan. In his criticism of the view that self-help housing is substandard and in poor condition he argued that problems did not arise because of inability of low-income families to build good houses. The reasons were lack of land tenure security, which prevented them from investing in their houses and improved maintenance, exacerbated by the lack of amenities and services in their areas (1989:47).

Manipulation of land was also cited as affecting affordability. Kok Peng (1982) quoted the Department of Land and Mines, which claimed that land converted for housing was being hoarded in anticipation of appreciation of value, thus adding to supply problems.

3.5.2.4. A note on housing stratification

In a number of places, this thesis touches on questions of stratification, income groups and ethnicity in relation to housing (see pp. 64, 83, 88, 93 and 171). It is not easy to apply Western models (such as "Housing Class": see Rex and Moore, 1967, pp.36-37) to a developing country. Nonetheless, housing conditions correlate to some extent with incomes, even though tenure is not necessarily a good guide in Malaysia to socio-economic status. Rural and urban populations differ as far as stratification and

housing conditions are concerned. Rural householders - rich and poor alike - tend to be owners. Some forms of low-income programmes rely on tenure arrangements which may combine ownership with rental.

3.5.3. Policy directions under the OPP2⁶⁸ and National Development Plan (NDP)⁶⁹

Under the NDP, housing policy retained features of the NEP, but with more emphasis on integration and unity. Housing development, "apart from being an important socio-economic activity", was to be reinforced "as a means of attaining national integration and unity". House ownership would be monitored "to reflect the ethnic composition...to foster inter-ethnic interfacing," etc. (OPP2,p.151). New policies included regulation to protect house buyers and control errant developers, housing finance reforms, emphasis on workers' housing in agricultural and industrial sectors, affordable housing based on new design and lay-out concepts, new housing forms based on a recreational or park theme for the affluent by the private sector, and monitoring of policy implementation. The accompanying summary Table 3.2 indicates the policy framework, implementation goals, and responsible agencies.

⁶⁸The Second Outline Perspective Plan (OPP2), 1991-2000 is a long term plan to guide Malaysia's economic and social development. The OPP2 which formed the basis of the NDP marked the beginning of a new era in Malaysia's effort to become a fully developed nation by the year 2020.

⁶⁹The Sixth Malaysia Plan Document (1991-95) described in summary the objectives of the National Development Policy. The objective of NDP was to attain balanced development to create a more united and just society. NDP emphasised growth with equity, political stability, and national unity. NDP included reducing social and economic inequalities and imbalances in the country to promote a fair and more equitable sharing of the benefits of economic growth by all Malaysians; promoting national integration by reducing the wide disparities in economic development between states and between urban and rural areas in the country; and developing a society in which all citizens enjoy greater material welfare, while simultaneously imbued with positive social and spiritual values, and an increased sense of national pride and consciousness; (see Sixth Malaysia Plan,1991,pp.4-5).

Table 3.2: Housing policies, framework, goals and roles of public agencies

General policy statement	Action required	Agencies
<p>General policy statement The objective of the housing policy is to ensure that Malaysians, particularly low-income groups, have greater access to adequate housing and related facilities.</p>	<p>a. give emphasis to efforts to facilitate construction of suitable and affordable houses by all Malaysians based on human settlement concepts. b. build more low-cost and medium-cost houses. c. undertake relevant studies on incentives.</p>	<p>MOHLG, Housing Dept. MOHLG, Housing Dept., State governments</p>
<p>Policy of improvement of housing delivery system. The involvement of the private sector is required to complement the public sector efforts.</p>	<p>a. relevant institutional supports, simplified procedures and availability and easy access to finance resources. b. updating of bye-laws and regulations, review of infrastructure standards to increase housing density and optimal land use. c. R&D to produce cheaper building materials and construction technique. d. identify housing projects for privatisation.</p>	<p>MOHLG, Central Bank. TCP Dept. Housing Dept. State governments</p>
<p>National integration Housing development and house ownership will be monitored to reflect ethnic composition to foster better ethnic relation.</p>	<p>a. to establish a mechanism to ensure distribution and ownership observe the objective stipulated.</p>	<p>MOHLG, State governments</p>
<p>Housing for workers To support the development of agricultural and industrial sectors, housing programmes will accord priority to suitable and adequate housing for the workforce in these sectors.</p>	<p>a. facilitate housing developers to provide housing in industrial zones. b. location of housing estates in the proximity of industrial estates.</p>	<p>MOHLG, State governments</p>
<p>Settlement policy Potential settlement areas need to be identified continuously to facilitate housing provision to meet increasing demand.</p>	<p>a. implement the National Spatial Plan and Structure Plans, b. implement Village Regrouping Programme and development of Rural Growth Centres.</p>	<p>MORD, TCP Dept., State governments</p>

Social housing seemed to remain a primary objective. This was reflected in the allocation⁷⁰ given to public sector low-cost housing programmes, despite the government's budget rationalisation policy. Low-cost housing programmes were diversified and included sites and services and rural housing through the Village Rehabilitation Programme⁷¹ and Traditional Village Regrouping Programme⁷². What seemed less certain was the political outlook on social housing issues. For example, statements were made by the Minister of Housing about halting State governments' involvement in low-cost housing because of little progress, and indicating that low-cost housing will be undertaken by the private sector (see *New Straits Times*, Thursday, April 11, 1996). The Minister apparently felt privatisation had more merit than reallocation of public resources (OPP2; Chew Peh, 1993). Low-cost housing appeared vulnerable to political orientations⁷³.

⁷⁰For example, the allocation for public low-cost housing increased from RM\$374 million in MP5 to RM\$570 million in MP6, including an allocation for squatter rehabilitation and rehousing, and an increase in allocation for sites and services schemes from RM\$18 million to RM\$165 million. For the Village Rehabilitation Programme and Traditional Village Regrouping Programme, the financial allocations increased from RM\$79 and RM\$30 respectively to RM\$93 million and RM\$35 million. (Sixth Malaysia Plan).

⁷¹The Village Rehabilitation Programme focussed on rehousing the very poor families (in an income category of RM\$245 per month and less). Under this programme, the rehousing scheme involved financial assistance for improvement of existing houses still in habitable condition, and new houses to replace dilapidated houses. Construction has normally been by mutual help of villagers.

⁷²The Traditional Village Regrouping Programme was targeted for redevelopment of scattered villages in rural areas. Development priority was for villages located in flood-prone areas, villages in coastal areas which were affected by coastal erosion and villages in remote rural areas. These villages were regrouped into "social economic clusters" and provided with physical and social infrastructure facilities. It was claimed that by clustering the villages resources could be used effectively and optimally. (See Sixth Malaysia Plan).

⁷³For example, the Chief Minister of the State of Perak committed the State to continue building low-cost houses in rural areas. The Chief Minister of the State of Johor on the other hand would abide by the Housing Minister's idea for state government not to get involved in building public low-cost housing. (*New Straits Times*, April, 1996)

3.5.3.1. Housing for workers

In plantation estates, housing provision for workers was regulated by laws such as the Rump Labour Code, Workers Minimum Standards of Housing Act 1966, and Workers Minimum Standard Housing and Amenities Act 1990 (Navamukundan,1993). There seemed to be uncertainty on whether housing should be for rental or sale, and provision had been rather similar to what is described as "tied housing" in the UK. Navamukundan's analysis supported home ownership by workers, and criticised plantation owners for not taking responsibility over provision of land for workers' housing, land prices, location of housing projects, and financing.

In the manufacturing sector, workers' housing has not been bound by similar legal requirements⁷⁴. It has been left to forces of supply and demand, but government has promoted market responses through allowing housing projects to be implemented in industrial estates or nearby. Such a strategy might encourage labour mobility and possibly have implications in gender terms, given that the manufacturing sector saw an increase of women in the labour force from 28.1 percent in 1970 to 46.4 percent in 1990 (see Sixth Malaysia Plan,p.415). Housing close to workplaces might be an advantage for women, lessening time spent on travel, but housing in industrial areas might face potential health problems from noise, odour (Ranson,1991) and external air pollutants (Ranson,1991;Burridge and Ormandy,1993). The theme of healthy housing is a concern that connects to the national health plan "Health for All" (Sixth Malaysia Plan).

By contrast with some economic sectors, traditional fishing communities' housing needs have been neglected. Perhaps the situation might be seen in terms of a

⁷⁴It seems that the Ministry of Human Resources took a different view about employers' responsibility for housing foreign workers: "It should be a strict condition that employers provide their foreign workers with accommodation. Other wise they will have their permit taken back." (see New Straits Times Malaysia, Wednesday, March 27,1996). Such a policy towards foreign workers is good for their welfare, but national housing policy has not addressed a similar problem of housing faced by local workers.

concept of "core" workforce and "peripheral" workers (Hudson,1991), where the latter have an unpredictable income, and are less significant for economic growth. The core permanent workforce might be assumed in any case to have steadier purchasing power for housing.

3.5.3.2. Consumers' protection

The 1990s saw a move towards consumers' protection to overcome house buyers' problems⁷⁵ with private housing developers and public agencies (see Adnan,1993). The Consumers Association of Penang (CAP) has claimed that laws leave buyers vulnerable to malpractices by developers. Legislation such as the Housing Developers (Control and Licensing) Act 1966 did not provide adequate protection of house buyers while the Housing Developers (Control and Licensing) Regulation 1982 which replaced the 1966 Act was still affected by loopholes⁷⁶. Several studies (see Kok Peng,1981,1989;CAP,1986,1992) revealed the problems⁷⁷ faced by house buyers⁷⁸.

⁷⁵For example, a report in "Metro" revealed the dissatisfaction of house buyers with Selangor State Secretariat Incorporated (in a joint-venture project with the National Housing Department) over delay in implementation of 220 units of low-cost wooden houses. (See "Harian Metro", Jumaat, 28 Januari 1993.)

⁷⁶The Housing Developers (Control and Licensing) Regulation 1982 attempted better protection of house-buyers such as regulations prohibiting developers from collecting deposits or advance payment; and a standard Sale and Purchase Agreement which described developers' responsibility such as conforming to materials and workmanship descriptions, water and electricity installation charges, time for delivery of vacant possession, defect liability period, etc. However, the Regulations, CAP claims, still had several weaknesses such as developers not requiring a permit to advertise sale of houses even at the stage when land has not been converted or subdivided. (see CAP, 1986).

⁷⁷Common problems reported were delays in construction without adequate compensation, overcharging of booking fees and refusal to refund, poor workmanship and construction defects, under-the-counter payments, and profiteering and, speculating activities such as purchase in numbers by syndicates, transfer of booking "Coffee money" asked by developers. CAP claimed it received 2,078 complaints from house buyers between 1983-87, and a report in the Sixth Malaysia Plan on abandoned housing projects recorded a total of 63,560 housing units affecting 36,130 buyers and an estimated property value of RM\$3,630 million.

⁷⁸A recent case cited in the New Straits Times, Thursday, June 13, 1996 illustrated a long legal proceeding, Bhagat Singh vs M.K Retnam Holding Sdn Bhd (the developer), over an abandoned housing project. The houses were supposed to be completed in 1980, but the developer failed to fulfil his contract. It was only in June 1996 that the buyer's appeal was decided by the court in his favour.

The Housing Developers (Housing Development Account) Regulation 1990⁷⁹ was put into effect in 1991, as a corrective legal instrument to check errant developers; and the suggestion was also made of introducing the concept of "Build Then Sell (BTS)"⁸⁰ as an alternative to the present method of "sell then build". The BTS concept had advantages for consumers such as potentially solving problems of low standards of construction and low quality finishes, increasing competition to produce good quality houses with greater choice by house buyers from readily available housing units, and protection of house buyers from cheating by developers (Kok Peng, 1989; CAP, 1986). BTS was not well received by the Housing Developers Association (HDA) and the banking sector. They were cautious⁸¹ about the effects on them, and were criticised by consumers' associations, for example FOMCA⁸².

⁷⁹The Housing Development Account regulates the use of monies collected from house buyers - booking money, deposit money, advance payment money - by licenced housing developers specifically for the housing projects they registered (Sixth Malaysia Plan). These regulations were expected to protect house buyers from developers' malpractices and to prevent housing projects from being abandoned.

⁸⁰BTS was deliberated in a two day seminar in Kuala Lumpur in April 1992. The seminar was for local construction companies, international companies, consumers' associations, the bankers' community, academics, and federal and state officials.

⁸¹The HDA used an economic rationale to back up their opposition to BTS, claiming that the housing production rate would fall causing shrinking in housing related industries, reducing the GNP (see The Star, December 8, 1991). The BTS on the other hand was well received by consumers' associations, and other interest groups which represented academics, state officials and independent observers. Perhaps failure to implement BTS illustrated the importance of the cartels in the housing industry.

⁸²The Federation of Malaysian Consumers Associations (FOMCA) criticised the HDA for not being receptive of "new" ideas. According to FOMCA, the real reason behind HDA opposition was to protect their business from using their own capital and minimise producers' risk. Under the "sell then build" concept, consumers bear the risk while developers collect and disappear. (See Adnan, 1992). FOMCA claimed that "Build Then Sell" had many advantages to correct malpractices : house buyers would be "saved" from being cheated by irresponsible developers, could choose more accurately the type of houses they prefer (not based on a model house under the "sell then build" which they failed to deliver), and could immediately occupy the house and save on renting: there would be improved housing delivery through minimising abandoned housing projects with developers competing to finish projects on time.

3.5.3.3. Affordable housing through design innovations in low-cost housing

Design innovations introduced in recent years have indicated Government's sensitivity to affordable housing issues and "exploitation" of technology and skill in the building industry for the benefit of low-income families. The Prime Minister has been reported to be very concerned about issues of design and layout of towns, design of low-cost houses, design of high-rise building, safety features, and environmental issues (HDA Annual Report 1994/95,p.11). Important statements by the Housing Minister in 1993 reflected strongly government intentions to encourage development of a new generation of low-cost houses, and use of better quality and cheap building materials for public housing. (see Utusan Malaysia Rabu 30 Ogos, 1995). It was hoped to create public housing not only cheap in costs, but also "comfortable, healthy and safe" (See Ministry of Housing and Local Government 1993:1).

Examples of new ideas in design were guidelines proposed by the Ministry of Housing in 1993. There was an attempt to integrate traditional architecture and new technology and to revive traditional design qualities. The housing authority claimed that the new designs offered bigger low-cost houses, double storeys, cheaper cost, but higher density. Features seemed to comply with Islamic housing values and norms (such as three bedrooms, a separate lounge and kitchen, two bathrooms/toilets, etc.). Another development has been private sector participation⁸³ in new designs, incorporating characteristics and features of traditional Malay housing using natural ventilation and complying with Islamic norms. (see Plate 2). It can be argued that participation has reflected the desire of the private sector to maintain housing business, purchasing new products that match with consumers' preferences, and competing with public sector initiatives.

⁸³This was encouraged in a recent competition for building low-cost houses organised by the Ministry of Housing in August, 1995, in Chembong, Rembau, Negeri Sembilan (State of Negeri Sembilan). Seven companies participated with model houses. The first prize winner Global Force Sdn. Bhd was awarded a contract to build low-cost houses replicating the model house. (See Utusan Malaysia Rabu 30 Ogos, 1995).

Best Copy Available

Print bound close to the spine

Model baru rumah kos rendah



SALAH sebuah rumah berharga di bawah RM25,000 yang dipertandingkan sebagai model rumah kos rendah.



RUMAH contoh modul tipikal jenis kelompok hasil binaan G & A Architect muncul sebagai pemenang kedua.



RUMAH contoh unit tengah tipikal yang dimajukan oleh Global Force Sdn. Bhd., memenangi hadiah pertama Pertandingan Membina Rumah Kos Rendah.



RUMAH contoh yang dibina oleh S.A.O. Architect menduduki tempat ketiga.

These experiences suggest there may be ways of making low-cost housing more viable. Claims that low-cost housing is uneconomical for producers (Chew Peh, 1993; Ee Kok, 1993; ABM, 1993⁸⁴ and Kah Peng, 1991⁸⁵) can be challenged. Perhaps uncompetitive production practices and cartel organisation by the HDA have made low-cost housing production unresponsive to new technology.

3.5.3.4. Westernisation and new housing values

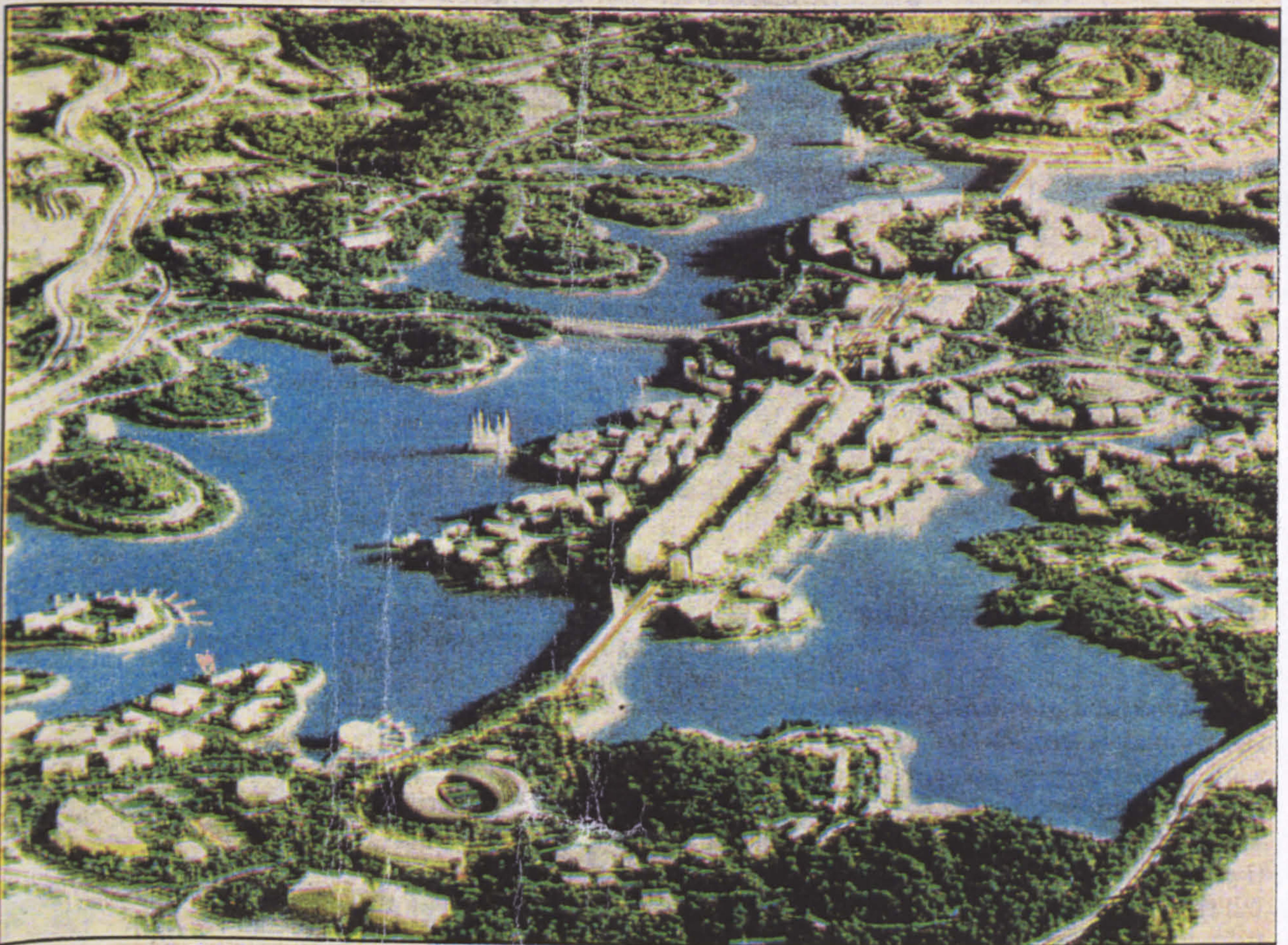
"Recreational and theme park housing", leisure-based housing linked to modern parks and modelled on western identity and values with exotic European architecture, is the emerging trend in Malaysia. New life styles are attributes of economic progress and an affluent society⁸⁶, and fit the concept of a "New Age" community with a preference for choice and contrasted living environments, a strong affiliation to urban culture, etc. (see Ravetz, 1980, pp. 327-28). Experience of a new age community is illustrated in the planning and development of the Putra Jaya city, hailed as Malaysia's city of the 21st century (The Star, Tuesday, August 29, 1995; see Plate 3), which introduced a new urban form and urban planning standards. While a theme park and recreational housing could be seen as the impact of westernisation, it could also relate to business competition for a property market in new growth areas for affluent Malaysians.

⁸⁴For example, the Association of Banks Malaysia (ABM) claimed that the low percentage of completed low-cost houses in the Sixth Malaysia Plan was attributed to unprofitable investment and housing not being a viable venture for developers. (ABM, 1993.)

⁸⁵Responding to a reporter's question that the RM\$25,000 low-cost house price set in 1982 was unrealistic, his view was "Definitely!" The best indication was on resale of a house...The true market value of a RM\$25,000 house now is RM\$40,000; so that the market itself knows the value. The fixed price of RM\$25,000 is actually very low and an artificial ceiling..(The Star Friday December 6 1991).

⁸⁶For example in a discussion paper entitled "New National Housing Policy" by ABM, it was suggested that housing policy should address the need to accommodate new lifestyles for the middle-and upper-income groups who were willing to pay. The paper claimed recreational centres, security and privacy, open space and greenery were examples of modern day living requirements. (ABM, 1993 unpublished).

Malaysian city of the future



The new Putrajaya city hailed as Malaysia's city of the 21st century is described as a showcase of Malaysian quality, skill and pride, and a model of township development of international class.

Analysis of a sample of recent advertisements provides interesting illustrative material. There is a striking contrast with the dwelling of the past discussed earlier in this chapter. For example, advertisements in local daily newspapers promote concepts such as: "a home within a tropical parkland for a healthy environment to grow in", or "an elite lifestyle among Malaysia's senior corporate executives". One noted that "purchase of your dream home also comes with complementary membership to Saujana Impian Golf and Country Club, Kajang's premier golf and country club" (New Straits Times, June 29, 1996; see Plate 4). Purchasers may "Relish The Exotic Charm of The Mediterranean - ESPANA II- design invoking the intoxicating essence of Mediterranean charm and elegance..the epitome of affluent habitation of a modern lifestyle" (New Straits Times, June 14, 1996; see Plate 5). They may select "the unhurried and natural way of life of the Mediterranean captured in the architectural elegance of Riana Green...giving the feeling of Mother Nature transporting you to a paradise beyond compare" (New Straits Times, June 28, 1996;see Plate 6); or perhaps choose "lakeside living not far away from the city, a luxurious bungalow tucked away in the quiet country..exclusive family clubhouse with full facilities" (New Straits Times, June 24, 1996;see Plate 7). Then there is a "garden concept: elegant French garden, boulevard garden" (New Straits Times, June 15, 1996;see Plate 8); or "Garden of Eden" (see Plate 9); or a cosy resort township, featuring an 18-hole designer's golf-course, festival village, shopping mall, food and entertainment centre (The Star, August 30, 1995;see Plate 10).

There is also an emerging idea of promoting a village lifestyle in a city setting, apparently reinstating rural values and neighbourhood in a modern housing scheme. For example, in themes such as: "Kenangi saat-saat manis ketika anda membesar di desa", "Kehidupan moden bersuasana desa" (Utusan Malaysia Rabu 12 Jun, 1996), literally translated as "Look back to sweet moments of growing up in a village", "Modern life in rural habitat", etc. (see Plate 11 for illustration).

Join us at our
Weekend Satay Fest!
 Date : 23rd June (Sunday)
 Venue : Saujana Impian Sales Office
 Time : 9am - 5pm

Now Open For Sale
FREEHOLD
 Selling Price
 Minimum RM 199,888 Maximum RM 272,888
 7% Discount for Bumiputras.
 FREE GOLF MEMBERSHIP TO SIGCC



Introducing a Lifestyle of Resort Living & Spaciousness.

AFFORDABLE 24-FEET WIDTH, 5-ROOM HOMES WITH FREE GOLF CLUB MEMBERSHIP.



Impian Sejati & Impian Alstonia



Saujana Impian introduces yet another two beautiful and elegant country charm homes of Tudor and Mediterranean architecture, Impian Sejati and Impian Alstonia. Ideally located fronting a lush landscaped townpark next to the golf precinct, they are crafted for your family's leisure activities, providing:

- 24 FEET FRONTAGE DOUBLE STOREY LINK HOUSES
- Spacious covered car porch
- Freehold
- 5 rooms which includes the master bedroom, family area, bedroom 1, bedroom 2 and a utility room downstairs
- Spacious Living, Dining area
- Store area neatly tucked beneath the staircase
- Choice of 2 - exquisite facades
- Free membership to Saujana Impian Golf and Country Club
- Set within tranquil and serene surroundings
- Free legal fees for S & P agreement only (for those who sign up with our appointed solicitors)
- End financing up to 90% (for those who qualify)
- Standard, Superior, Deluxe Package available



Actual Environment of Saujana Impian Golf course



22km to Kuala Lumpur with accessibility via:

- Future road from Ampang to Cheras / Kajang
- KL-Seremban Expressway
- Expansion of Jln Cheras into a 6-lane carriageway

20km to Putrajaya and K.L.I.A. via:

- KL-Seremban Expressway
- Proposed South Klang Valley Expressway
- Proposed Kajang Bypass

Saujana Impian, a 640-acre premier resort and residential township gives a new insight to lifestyle incorporating an 18-hole Championship Golf Course and a Country Club, Residential homes, Schools, Town Park and a Town Centre with all the amenities for modern living.

- | | |
|---|--|
| Phase 1A - 2 Storey Link Houses - Sold Out | Phase 2A - Bungalow Lots - Limited Lots Left |
| Phase 1B - 2 Storey Semi-Detached - Sold Out | Phase 4A - Sold Out |
| Phase 1C - Tiers, 2 Storey Link Houses - Sold Out | Phase 3B - Impian Sejati and Impian Alstonia - NOW OPEN FOR SALE |

SAUJANA IMPIAN

Resort & Country Living
 With Established Urban Amenities

CALL 03-408 0878 for enquiries.

Another project by: **Negara Properties (M) Berhad**
 No. 1 Lorong Perak, Pusat Bandar Melawati, 53100 Kuala Lumpur.
 Tel: 03-4072056 (General Line)
 03-4080878 (Sales Line)
 Negara Properties Fax: 03-4075163

Developed by: Sungai Kantan Development Sdn. Bhd.
 Saujana Impian Sales Office, 14th Mile, Jalan Cheras, 43000 Kajang, Selangor Darul Ehsan. Tel: 03-833 3516 Fax: 03-833 3337

• Developer's Licence No: 4109/7/97/590	• Valid until: 18/7/97	• Expected Date of Completion: June 1998	• Tenure of Land: Freehold
• Advertising and Sales Permit No: 4109/17/97(5)	• Period of Permit: 30/5/96 - 29/5/97	• No of Units: 115	• Name of Approving Authority: Majlis Daerah Hulu Langat
• Ref No. of Approved Building Plan: (74)dlm - MDHL 1/P/20/92	• Land Encumbrances: Nil		

THE NEGARA LIFESTYLE - SAUJANA IMPIAN

NST. SATURDAY JUNE 23, 1996

BUKIT
RAHMAN PUTRA
The Truly Greener Side Of Town

FREEHOLD
 Semi-detached
 40' x 80'
 From RM 128,888.00
 Phase 4B: 84 units
 Gross built-up area approx.
 2,541 sq feet
 Up to 85% loan to qualified purchasers
 7% discount for Bumiputeras



**RELISH THE EXOTIC CHARM OF
 THE MEDITERRANEAN**

ESPAÑA
 II II



An exotic yet relaxed way of life has been captured in the Espana II design invoking the intoxicating essence of Mediterranean charm and elegance. More majestic than its predecessor, it is the epitome of affluent habitation which takes into consideration the requirements of a modern lifestyle. Within easy access of the New Klang Valley Expressway, residents will be able to reach Petaling Jaya and Kuala Lumpur in minutes.

Featuring A Bigger And Improved Design

- a wider porch to park 2 cars side by side
- a spacious vestibule for an impressive entrance hall or to place your piano, organ or karaoke system
- a covered patio off the dining area for casual dining, entertaining and barbecue or it can be turned into a cosy niche for a relaxing evening
- a bigger guest room, wash area and master bathroom
- additional points for air-conditioner, water heater and ceiling fans, along with extra TV and telephone outlets and more

Quality Finishes For A Renovation-Free Home

- a cultured marble vanity top and full height colour coded tiles for all bathrooms
- marble slab flooring & skirting for the living & dining area, vestibule & guest room
- plain fibrous plaster ceiling with cornices in all 1st floor bedrooms and family hall

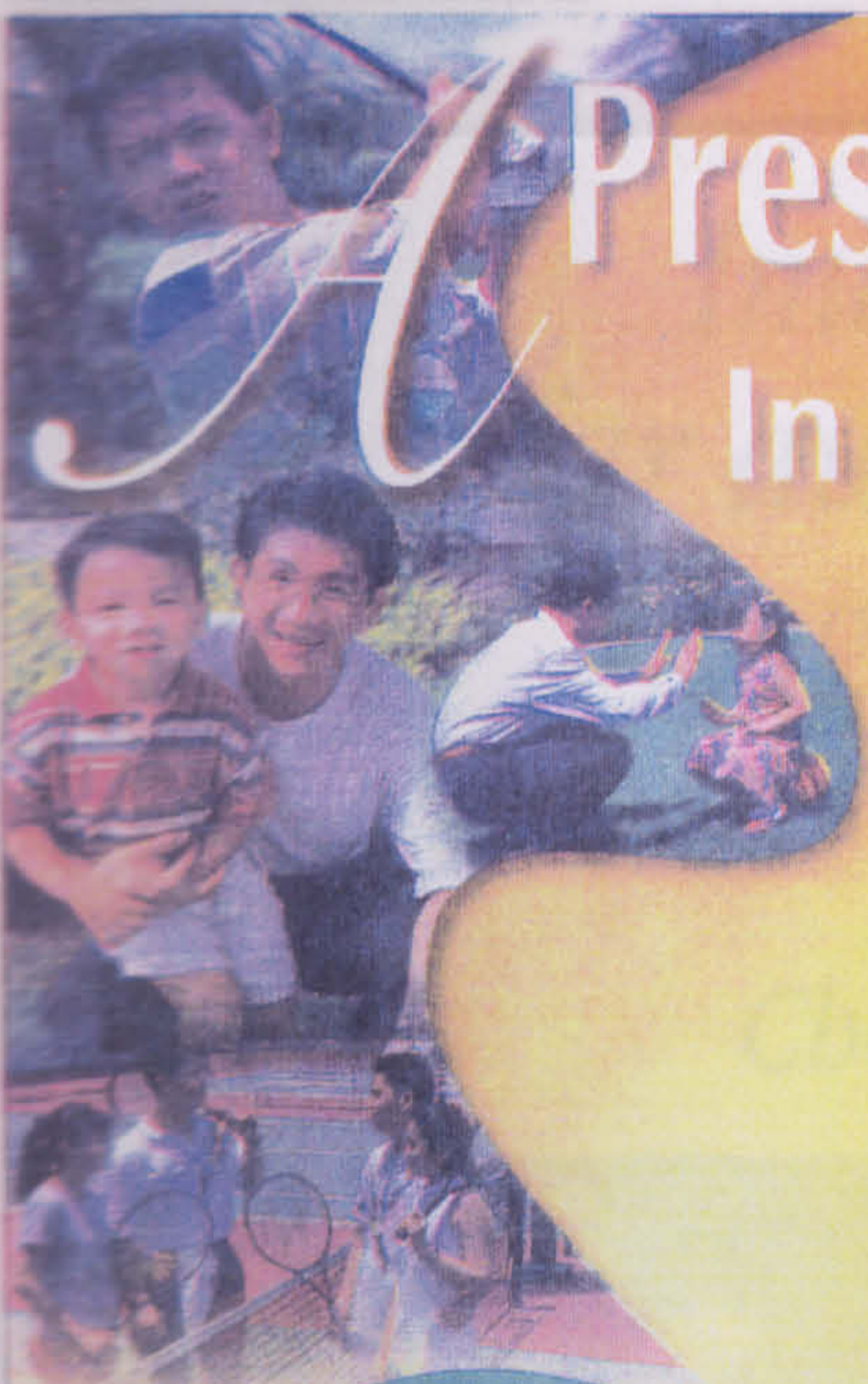
plus many more features in keeping with our Renovation-Free concept. Check it out NOW!

Invitation to the Model Village		
Mon - Sat	:	9am - 5pm
Sun	:	10am - 5pm

Prestigious Location In The Heart Of Petaling Jaya

The unhurried and natural way of life of the Mediterranean has been captured in the architectural elegance of Riana Green. Drawing upon nature's forms and materials, it has been exquisitely landscaped highlighting luscious greenery with waterways of fountains and cascading waterfalls giving the feeling of Mother Nature transporting you to a paradise beyond compare.

Discovering such beauty and charm within the Klang Valley is a treasure in itself, but having it situated within close proximity to schools, golf clubs, a university and shopping centres, among other amenities, makes it not only the ideal place to call home but also a place of high capital investment. Riana Green is an enchanting project of affluent and plush surroundings which comes complete with modern facilities to cater for a contemporary lifestyle. Its prime location and style that is enveloped in luxury, stands to make Riana Green the highly coveted address of our time.



Official Launch
on the 28, 29 & 30 June 1996
at the Riana Green
sales office
from 10am - 6.30pm

RIANA Green CONDOMINIUM



Jalanan Masyhur Sdn. Bhd.
(A Subsidiary of IJM Corporation Bhd)



IJM CORPORATION BHD
Ground Floor, Wisma IJM,
Jalan Yang Shook Lin,
19050 Petaling Jaya,
Selangor Darul Ehsan, Malaysia.



**TROPICANA
GOLF & COUNTRY
RESORT BERHAD**

755 8122 (Head Office)
718 7757 (Site Office)

Developers' Form No. ST/27/93/483. Valid Period: 2/2/94 - 31/9/98. Sales & Advertising Period No. 0787/92/30/01. Building Plan No. MDP/100/01/01. Approved Saleable Area: 1,000,000 sq. ft. (247,000 sq. m). Land to be free from encumbrances. All sales, quotations, statements and specifications contained in the advertisement are subject to changes and amendments as required by the relevant authorities and/or developer and/or project architect and do not constitute an offer or contract nor to be relied upon as a representation or warranty. All illustrations are artist's impressions only.

Imagine... lakeside living not far away from the city. A luxurious bungalow tucked away in the quiet country.

Choose from 3 beautiful designs.



Single-storey country bungalow



Type A (Spacious double-storey country bungalow)



Type B (Charming and spacious, 2-level country bungalow)

*Ideal location:
Only 33 km south
of Kuala Lumpur.*



Imagine... the best of both worlds. Country living not far from the city. Gracious homes tastefully designed. Poised proudly amidst lush greens. Ideally located, this exclusive lakeside project is a mere 33 km

south of Kuala Lumpur, approximately 20 km from Putrajaya (KLII) and about 30 km from KL International Airport.

Exclusive family clubhouse with full facilities.

All residents have a choice of joining this exclusive Taman Tasik Semenyih club. Superb facilities such as main swimming pool, spa pool, toddler's pool, gymnasium, outdoor tennis courts, indoor badminton courts, restaurant, library/reading room and well-equipped children's playground.



Landscaped lake garden with family facilities.

- BBQ area • Playground • Hawker's centre
- Exercise stations • Amphitheatre • Picnic shelters • Maze garden • Embroidery garden



Phase 1D

TYPE	LAND AREA	PRICE/UNIT	TOTAL UNITS
(Standard Unit Only)			
Single Storey Bungalow	4,000 sq ft	RM196,000	19
Double Storey Bungalow - Type B	4,000 sq ft	RM278,000	53

Phase 2

TYPE	LAND AREA	PRICE/UNIT	TOTAL UNITS
Double Storey Bungalow - Type A	4,000 sq ft	RM238,000	33

7% discount for Bumiputra purchasers only.

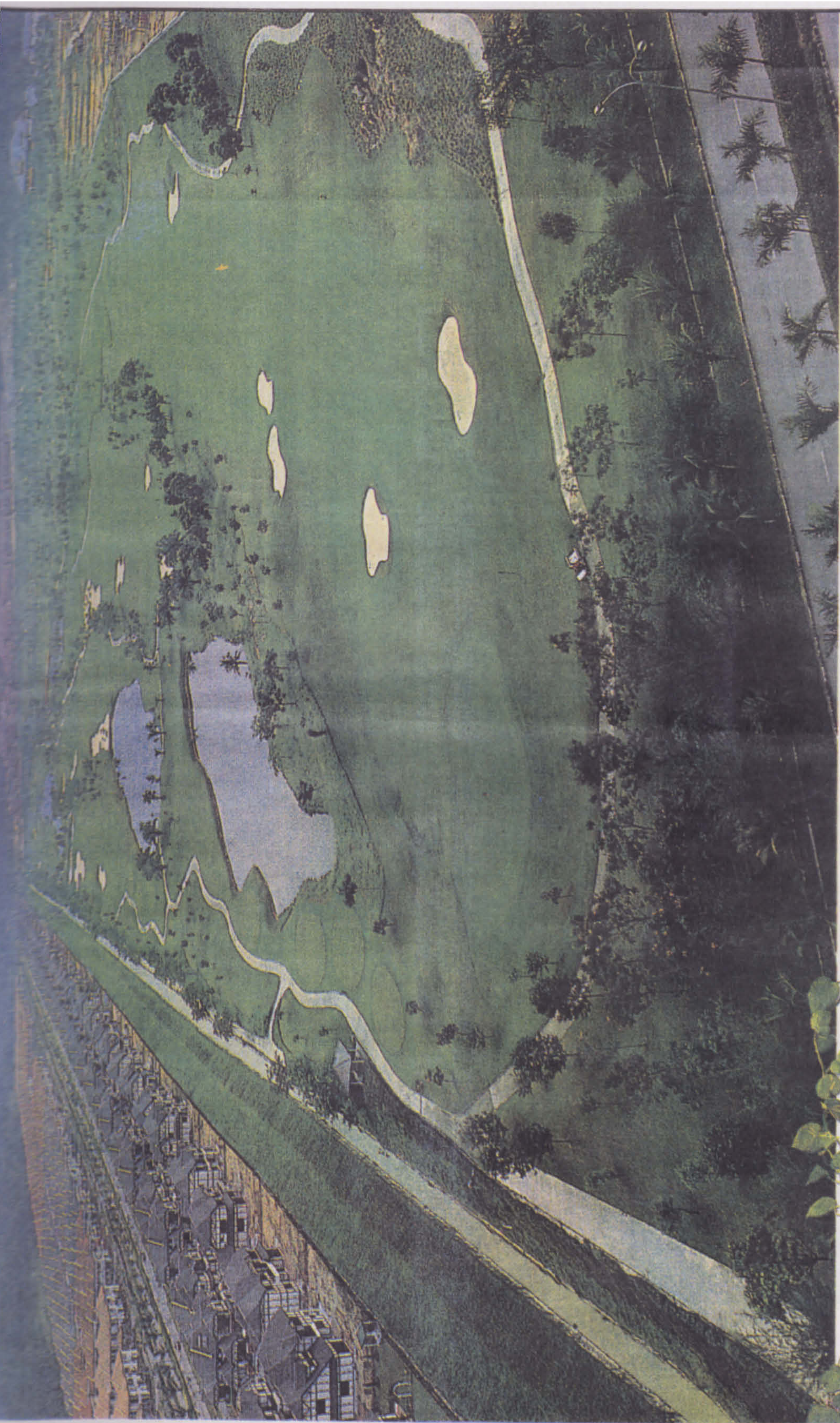
Bandar Tasik Semenyih Sdn Bhd
LAKE COUNTRY

Room 1601, 16th Floor, Campbell Complex,
98 Jalan Dang Wangi, 50100 Kuala Lumpur. Tel: 03-298 9399 Fax: 03-293 1409

All drawings & illustrations contained herein are artist's impression only. All plans, information and specifications contained herein are subject to changes as may be required by the relevant authorities and/or the developer, architect and cannot form part of an offer or contract. Furniture and fixtures are not included.

End Financiers: Arab-Malaysian Bank Berhad, Arab-Malaysian Finance Berhad, PACIFIC BANK, HSBC Finance (Malaysia) Berhad

Developer: BANDAR TASIK SEMENYIH SDN BHD • Developer's Licence No. & Expiry Date (Phase 1 & 2): 6468/12-98/1181 (22/12/98) & 6468/12-98/1182 (22/12/98) • Advertising & Sales Permit No. & Expiry Date (Phase 1 & 2): 6468/104/97(1) (21/1/97) & 6468/613/97(5) (28/5/97) • Building Plan Approving Authority & Plan Ref. No.: Majlis Daerah Hulu Langat: Plan No.: 2/P/95 • Land Tenure: Leasehold 99 years • Land Encumbrances: Nil • Expected Date of Completion: May 1998



EASY ACCESSIBILITY

A convenient 15 km from Kuala Lumpur city. Close to the Bandar Sungai Long town centre.

GARDEN CONCEPT

Condominium grounds are landscaped to create an elegant French garden,

with boulevards and rustic streetlights. All units enjoy either a north or south direction.

LUXURIOUS FACILITIES

Swimming pool & changing rooms. Boulevard garden. Covered car park. Various shops nearby to cater to your convenience.

PEACE AND SECURITY

24-hour security. Private lift to serve only 4 units per floor. Low density, low-rise with only 8 storeys. Red brick external facade and fencing reinforce the exclusivity of the condominium and for further privacy, an intercom system enables you to screen your visitors.

VISIT OUR SHOW UNIT TO VIEW YOUR FUTURE HOME

Open daily from 9.00 am to 6.00 pm.
OR DROP BY AT OUR SALES OFFICE

Open daily from 9.00 am to 6.00 pm.
For more information about this prime value investment, call 03-2637766.

Site sales office: 03-9063911.



EVERGREENPARK
KONDO
City Living. Country Style.

SIN HEAP LEE - MARUBENI SDN BHD

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Tel: 03-2637766. Fax: 03-2631422. Site sales office tel: 03-9063911.



The Place • The Style • The Condominium

FERRINGHI DELIMA CONDOMINIUM

ENJOY AFFORDABLE HOME AT BATU FERRINGHI, PENANG

FREEHOLD
From RM 127,300 To RM 177,300
5% Discount for Bumiputera
CONSTRUCTION IN PROGRESS

Treasured Living

Ferringhi Delima Condominium, set on the prime **FREEHOLD** stretch of Batu Ferringhi, truly offers a gem of a home and investment at an unbelievably affordable price.

With a choice of 4 excellent layouts, each 3-bedroom unit has a spectacular view of the gentle green slopes or blue sea and comes with extended living and dining areas with superior quality finishes.

Built in the centre of an integrated resort which comprises of a proposed 18-hole designer's golf course, a cosy resort township, festival village, shopping mall, food and entertainment centre.

You'll also enjoy a host of facilities which include a swimming pool, children's wading pool and playground, BBQ pits, car wash bays, car park, landscaped gardens and 24 - hour security.

And at such an affordable price, you'll certainly treasure each and every moment here.

EDEN SEAVIEW
DESA SAUJANA SAMUDRA
Golf and Beach Resort Condominium

AT BATU FERRINGHI, YOUR INVESTMENT TRULY A CLASS ABOVE ALL

FREEHOLD CONSTRUCTION IN PROGRESS

Condominium From RM 155,800 To RM 269,800
Penthouse From RM 418,000 To RM 552,800
5% Discount For Bumiputera



*To live
.... to holiday
.... to invest*

Batu Ferringhi, world renowned first class holiday destination is **One** and only **Prime Resort Land** in Penang that will make your property investment truly a class above all.

This proposed integrated resort development comprises of an 18-hole designer's golf course, a cosy resort township, festival village, shopping mall, food and entertainment centre which will transform Eden Seaview into "**Garden Of Eden!**"

No where else can you enjoy Splendid Living, to holiday and to invest in a first class location for just so little.

OPEN FOR SALE

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Date : 2 - 5 September 1995
Venue : Putra World Trade Centre K.L.
Booth No. : 48 & 49



Introducing A Choice of Investments at Malaysia's Foremost Lakeside Development.



Bukit Merah Lake Town, the 1,500-acre lakeside mega township is fast taking shape! Development in this integrated commercial, leisure, recreational and residential township fronting the 7,000-acre freshwater Bukit Merah Lake is progressing speedily with the expected completion of the Water Theme Park by end 1996.

Located at the Bukit Merah Interchange and only a leisurely drive from Penang, the Township offers a golden opportunity to secure your dream home right in the heart of a new and exciting development that caters to every aspect of your life...living, working and having fun.

BUKIT MERAH LAKE TOWN



ENKAY
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Kini kenangan manis masa silam dapat dialami semula hari ini — di Bandar Sungai Buaya. Di sinilah tempatnya anda boleh menikmati suasana bebas dan nyaman bersama suasana kehijauan. Kepadatan yang rendah berbanding kebanyakan tempat, Bandar Sungai Buaya menawarkan persekitaran yang tenteram. Dibina di atas tanah beralun, rumah-rumahnya reka luas dan menenangkan minda. Reka bentuk rumah bercorak asli mempamerkan hujung condong beranjung luas, kawasan laluan angin dan kebendaan desa. Tambahan pula rumah-rumah dibina sepanjang barisan-barisan

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pohon dengan kilauan laluan air dan hamparan rumput menghijau. Dimajukan secara berperingkat-peringkat di tanah seluas 3,000 ekar, setiap kawasan kediaman disediakan laluan masuk dan keluar tersendiri. Ini meningkatkan lagi keselamatan dan eksklusivitinya. Apatah lagi dengan kemudahan dan infrastruktur yang terkini dan canggih. Bandar Sungai Buaya memenuhi kemahuan seni, praktikal dan estetik anda. Dengan demikian, bandar serba lengkap ini menyatukan semua unsur gaya hidup moden dengan keindahan masa silam.

Sekali imbas :

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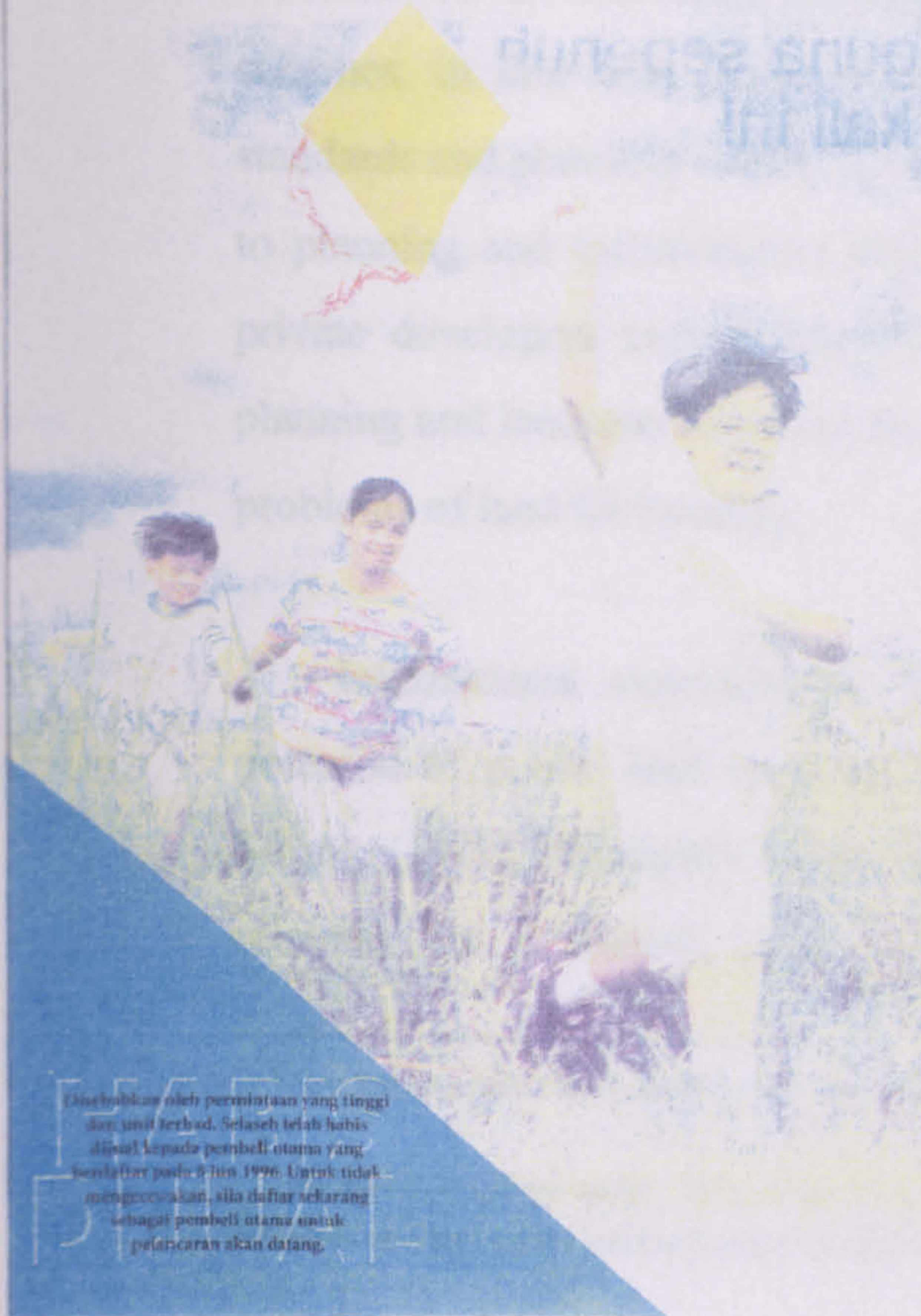


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There could certainly be positive as well as negative effects from these new lifestyles, but perhaps the impact of Western approaches brings only "a highly selective prosperity, often achieved at the expense of people and places outside the system" (Ravetz, 1980, p.340). Certainly there might be potential conflicts in land-use associated with choices between economic growth and equity, use of natural resources, and issues of environmental preservation (cf Campbell, 1996).

3.5.3.5. Land for social housing

Land policy for housing has not been adequately addressed, despite suggestions that States provide land to enable private developers to participate effectively in low-cost housing (see for example views of HDA in *The Star*, December 6, 1991), that States and local governments plan land requirements for public and private housing programmes (see Sen, 1986), or that an inventory of development sites for housing should be prepared (Sen, 1984). Instead, policy has focussed on revision of standards, reduction in lot size, and cutting of infrastructure provisions in low-cost housing schemes, in line with views from the World Bank (1989). The issue of land-use standards and planning control is not peripheral⁸⁷. Sen (1986), for instance, has pointed to planning and infrastructure standards as one of the major constraints hampering private developers in building cheaper houses. Yet the suggestions of revision of planning and land-use standards as measures did not offer solutions to more structural problems of land for housing.

International experiences - for example in Sweden⁸⁸ - have illustrated the potential of public land banking, helping to provide housing at a reasonable price. Strong (1979) highlights advantageous features of land banking. Some might be relevant for Malaysia, and offer an alternative to recent land acquisition

⁸⁷See for example Harrison M.L and Mordey R. (1986).

⁸⁸In Swedish urban areas, 70% of land was in public ownership and about 70% of residential development occurred on land either sold or leased by the municipalities (Strong, 1979).

arrangements⁸⁹. Some Malaysian co-operatives do have land banks (see New Straits Times, June 10,1996); and there have been suggestions for local authorities to establish land banks (see Berita Harian, 17 Ogos, 1993).

3.5.3.6. Housing finance

Analysis of housing finance policy in Malaysia involves two main dimensions, production and consumption.

3.5.3.6.1. Housing finance in the production sector

Within production, we can distinguish between public and private, by virtue of the different sources of funds and housing markets for each.

3.5.3.6.1.1. Public sector

In the public sector loans were subsidised in terms of low interest rates and long repayment periods. Prior to 1970, Federal loans to State governments were at 2 percent interest payable over 17 years for hire-purchase schemes, and 5 percent for housing for rental schemes payable over 60 years (Jagatheesan,1979). These soft loans encouraged house building by public agencies, when the private sector was at "infant" stage in the immediate post-independence period. In the 1970s, the arrangement was reviewed and interest rates revised upward to 5 percent and 6 percent respectively (Jagatheesan,1979). In the 1980s and 1990s, the interest rate was standardised at 4

⁸⁹The Land Acquisition Act 1960 (Amendment 1991) provided a policy instrument for acquiring land for development purposes, but the public apparently viewed the acquisition as inequitable. It was seen as a misuse of power by the authorities. See for example CAP Report Number 21 "Land Acquisition Need for Accountability and Public Participation". This report raised questions about the unclear definition of public purpose, absence of public participation and value of compensation which CAP claimed did not bring benefits to the community as a whole. See also the HDA's memorandum to the Government on the Land Acquisition (Amendment) Act 1991. (HDA Annual Report 1994/95,p.12).

percent with repayment periods of 30 years. Thus financing of construction of low-cost housing has been subsidised, at rates below base lending rate.

3.5.3.6.1.2. Private sector

Private sector housing finance has come from diverse sources, mainly commercial banks and finance companies, and especially later in the 1990s from different schemes introduced by the Central Bank: the National Mortgage Corporation (CAGAMAS) Bhd. (actually in 1987), Fund for Abandoned Housing Projects, Low-cost Housing Revolving and Development Fund (both managed by the TPPT Sdn. Bhd.⁹⁰ a subsidiary of the Central Bank), and Fund for Accelerating Construction of Low-cost Housing. These institutions - CAGAMAS and TPPT Sdn. Bhd.- creations of the Central Bank - indicate increased involvement of government companies in financing housing, in particular low-cost housing. The Central Bank has moved from its conventional role of regulating the finance sectors into direct involvement. This can be considered a shift in financing policy for private sector housing. Such a strategy may not fit very clearly with the idea of a private sector led economy, but various rationales might be relevant.⁹¹

We will focus further on CAGAMAS and funds under the TPPT Sd. Bhd., new policy instruments in the housing sector. Funds from commercial banks and finance companies are also important, but not unique to Malaysia.

⁹⁰For the Tabong Projek Perumahan Terbengkalai (TPPT) Sdn. Bhd., share holders comprise the Central Bank, Bank Bumiputra Malaysia Berhad, Malayan Banking Berhad, Perwira Habib Bank Malaysia Berhad, Public Bank Berhad and United Malayan Banking Corporation Berhad. The company's objective is to revive abandoned housing projects, and its other principal business activities cover housing development, real estate, construction, leasing and investment. (See Central Bank's information paper "Abandoned Housing Projects Scheme".)

⁹¹From the point of view of one informant in the thesis field interviews, the TPPT's involvement will create competition in the housing market, reduce high house prices, and increase affordability.

3.5.3.6.1.2(a) Perbadanan Cagaran Malaysia Berhad (CAGAMAS)

The establishment of CAGAMAS, a national mortgage corporation, in 1987, was the beginning of the development of a secondary mortgage market in Malaysia. Reasons for instituting CAGAMAS⁹² were associated with a housing construction boom in the MP5 period (701,500 units which included 240,000 SLCHP units) and under-capacity of the banking system (see CAGAMAS,1987). CAGAMAS has been able to buy housing loans from primary lenders (commercial banks and finance companies) and the government, thus injecting more funds⁹³ into the market to refinance housing projects. CAGAMAS claimed its credit standing enabled it to generate low cost funds through issue of securities, so that commercial banks and finance companies could benefit from "cheap" loans from CAGAMAS.

CAGAMAS also claimed that it could secure more financing for low-cost housing; "CAGAMAS' unique corporate mission" was to "provide financial products that would ultimately increase the availability and affordability of housing loans to Malaysians", particularly "the lower income group", in support of the "national policy to encourage home ownership" (CAGAMAS, Annual Report 1992,p.2). Within four months of its inception, in 1987 (the only data available to verify the claim by CAGAMAS) about 4,500 units of low-cost housing loans were purchased, and 4,500 units of low-medium cost housing loans. (CAGAMAS Annual Report 1987,pp.52,53). The focus on low- and medium-cost housing seemed appropriate, given the launching of the SLCHP at about the same time. CAGAMAS would have helped the success of

⁹²The shareholders are mainly finance institutions, commercial banks, finance companies, merchant banks (the primary lenders in the housing market) and the Central Bank; and there is strong Government backing.

⁹³The benefits to commercial banks and finance companies from CAGAMAS transactions are revealed by financial data between 1990-94. From a total value of RM\$11,441 million of housing loans purchased, RM\$8,811 million or 77% were from commercial banks and finance companies (see CAGAMAS Annual Report 1994,p. 23). Thus liquidity and credit risk associated with housing loans by the commercial banks and finance companies were minimised and they were able to finance more housing loans.

the SLCHP, secured favourable publicity (see Agus,1992) and helped generate economic growth as envisaged by the SLCHP.

3.5.3.6.1.2(b) Fund for Abandoned Housing Projects (FAHP)

The FAHP was established in 1990 to salvage abandoned housing projects, which had been occurring apparently since 1983 (Treasury, Economic Report 1992/93). Statistics showed that, by 1991, abandoned housing projects had reached a total of 1,006, comprising 334,600 units (Sixth Malaysia Plan). House developers did not take responsibility when faced with cash flow problems⁹⁴. It required a large amount of capital to revive projects reflected by the allocation given to the FAHP which increased from an initial RM\$300 million to RM\$600 million (Sixth Malaysia Plan,1991; Treasury Economic Report,1992/93). The money was to be spent selectively for viable projects only. Up to 1992, TPPT had already rehabilitated 270 projects (see Treasury Economic Report,1992/93).

One potential FAHP problem relates to the nature of the fund, which is a revolving fund. It might not be able to revolve sufficiently because of the scale of projects needing to be revived. It is an interest free fund with flexibility to invest money in deposits and other money markets as sources of income, and incomes would perhaps be sufficient to cover administrative expenditure. Information is limited, however, so that it is difficult to evaluate FAHP.

3.5.3.6.1.2(c) Low-cost Housing Revolving Development Fund (LHRDF)

The LHRDF was established in 1994 with objectives of increasing production of low-cost houses in urban areas, promoting house ownership for low income groups

⁹⁴Adnan (1994) felt financial problems of developers were unacceptable as justification because they were paid by house buyers (through solicitors) according to construction progress, with guaranteed payment. He blamed the system of payment for not protecting buyers. One informant in our field interviews claimed house developers considered a housing project a "gold mine" to become rich. [see Chapter 5,ER11].

and upgrading their living conditions (see Central Bank,1995). With initial capital of RM\$500 million (increasing to RM\$1.0 billion), the LHRDF was expected to have a big impact on supply of low-cost housing. The TPPT Sdn. Bhd. claimed that the LHRDF would help generate supply and a stock of affordable housing for low income earners: through requirements stipulating the ratio of low-cost houses as 50 percent of total development in mixed housing projects, a condition on profit of not more than 10% in all the LHRDF projects, and involvement in construction of low-medium cost housing. It might provide opportunities for the urban poor to get access to affordable housing, and help eliminate the squatting phenomenon (see Central Bank Annual Report 1994).

What the Fund does which might not seem quite in line with these goals is its involvement in construction of medium cost housing, where the supplier markets are stable, and there is involvement by private sector developers, cooperative organisations and quasi-government agencies. It could be argued that, firstly, such a strategy is necessary because it provides profit as a source of revenue to the fund to sustain its revolving operation. Secondly, the idea of mixed housing development is intended to integrate social class in housing estates, so that low-cost housing would not be associated with stigma. (Advocates of such programmes might point to examples such as Pantai Dalam Housing Estates, ex-squatter settlements, which were associated with deprivation. Roads were poor and infrastructure facilities and public amenities lacking. Conditions seemed to improve with development of medium-cost and high-cost housing in the area.)

**3.5.3.6.1.2(d) Fund to Accelerate Construction
of Low-cost Housing (FACLCH)**

The FACLCH, established in 1994, has offered three different types of fund for low-cost housing programmes: for ordinary low-cost houses with an allocation of RM\$500 million, for very poor families with an allocation of RM\$600 million, and for

a sites and services programme with an allocation of RM\$504 million (Central Bank Annual Report, 1994).

Procedures for fund disbursement are complicated. For FACLCH for ordinary low-cost housing, technical processing of applications by housing developers is by the "Syarikat Perumahan Pegawai Kerajaan" (SPPK) and there is monitoring of developers' progress, on behalf of the Central Bank and the bank which handled disbursement of payment. For FACLCH for the very poor, implementation is by the National Housing Department of the Ministry of Housing and Local Government (see Central Bank Annual Report 1994). There is very little available research information about the FACLCH sites and services programme.

Tenure policy under the FACLCH seems to have been different from public low-cost housing (PAKR). While PAKR policy is for sale, FACLCH low-cost housing is for rental. It has been claimed that rental charges would be affordable by low-income families, at RM\$100.00 per month. But the duration of rental is only five years, after which households have to move out. In five years families are expected to have enough savings to be able to buy a house. Low-cost housing under the FACLCH might provide transit accommodation for temporary resettlement of squatter families. The assumption that households would have enough savings to buy houses might seem unrealistic. Rental policy under the FACLCH for the very poor also seems unrealistic when we consider that these families belong to an income category of RM\$300 per month and less (this figure is a national target figure here). An alternative scenario given this situation might have been to allow these families to buy the LHRDF low-cost housing under preferential financing or under a hire purchase scheme like the PAKR.

3.5.3.6.1.3. Squatting⁹⁵ scenarios in major urban centres:

While the number of squatters in Malaysia is not exactly known, the fact that special funds were created to solve their housing needs indicates the significance of squatting. Although not necessarily representative, useful studies have been carried out: Johnstone (1979); Daimond, Nong, Bahrim & Abdul Rashid (1980); and the University Sains Malaysia, in Selangor in 1988 and Kuala Lumpur in 1992. The study in Selangor indicated a squatter population of 178,616 people in 45,184 households, out of which 87.2 percent were owner-occupiers, 8.4 percent rented. (See USM, 1988). In Kuala Lumpur, the squatter population was 190,899 people in 36,168 households of which 81.8 percent were owner-occupiers, and 13.6 percent rented (see USM, 1992, which includes data on ethnicity and religion). More than 30 percent of the population were of schooling age. On the issue of affordability the study in Selangor showed that 92 percent of squatter families then had incomes below RM\$749 per month (see USM, 1988), placing them into the low-cost housing category. In Kuala Lumpur, statistics showed higher (although varied) affordability.

3.5.3.6.2. Housing finance in the consumption sector

Public sector employees have a choice of loans, from the Treasury Loan Programme (THLP), on hire purchase for PAKR, and from finance agencies such as the Malaysia Building Society Berhad (MBSB), Borneo Housing Mortgage Finance Berhad (BHMFB), Sabah Credit Corporation and commercial banks. Non-public

⁹⁵ In Malaysia, squatting refers to illegal occupation of government and private land (whereas in the UK squatting is usually associated with illegal occupation of vacant buildings) and families build their own housing with their own sources of capital. Government to some extent accepted this in the past. A more complicated squatting "arrangement" occurs where a land owner gives "permission" for a person to build housing either for free or with the tenant paying rent. (This researcher found such an arrangement in his case study in Chukai Town.) While the question of legality of squatting is not at issue (see Othman, 1983), humane considerations have been important in resettlement of squatters. The practice by the government has been to compensate families affected by eviction. In Chukai Town squatter families on private land were compensated when the state government acquired the land for an urban renewal project.

sector employees and self-employed have access to all lending agencies except the THLP.

3.5.3.6.2.1. Loans financing in public sector consumption

3.5.3.6.2.1(a) Hire-purchase scheme and Treasury Housing Loan Programme

In the public sector, financing has been from two main sources, the THLP and hire purchase schemes for PAKR. Under hire-purchase, financing of loans has been subsidised by State governments⁹⁶ which charged a low-interest rate at 5.5 percent (Federal Treasury,1992), and a lower than market rate for low-cost housing in the private sector (at 10 percent interest rate). The repayment procedure was covered in the Guidelines and Strategy of Implementation of Low-cost Housing in the Fourth Malaysia Plan (Ministry of Housing and Local Government,1981), which laid down terms and conditions of hire-purchase⁹⁷ such as duration of loans, monthly repayment and amounts and options for buyers.

The subsidy was apparently seen as a burden by the finance authority in the Federal Government, prompting suggestions to review the method of financing PAKRs⁹⁸, to create a shorter recovery period of loans and apparently a more affordable loan⁹⁹.

⁹⁶The scheme however benefited State governments by allowing them to charge a profit margin of 1.5% from the hire purchase scheme while borrowing at 4%; state authorities claimed this was needed for paying administration costs for managing loans records.

⁹⁷The guidelines specify duration of hire-purchase for 25 years and a monthly repayment of RM\$120.00. The option to buy would only be offered after 10, with past repayments computed as part of the principal payment. The balance would then be paid either in installments for the remaining 15 years or paid in a lump-sum. Tenants were allowed to resell their units only to the Malaysia Building Society Berhad or Borneo Housing Mortgage Finance Berhad or Sabah Foundation.

⁹⁸Under the proposed changes, the Federal Government would have subsidised the cost of infrastructure components. The loan component should then be given at a reduced amount to pay for cost of building. The interest rate for the loan was proposed at 9 percent with a repayment period of 10 years. It was argued that the

The THLP housing loan is associated with the public service remuneration scheme, maximum loan amounts varying with civil service rank. The terms of loans are a 25 years period at 4 percent interest. Instituted in 1971 (Jagatheesan, 1979) THLP is administered by the Housing Loans Division of the Federal Treasury (THLD). Loans become available for eligible categories of public employees: A Division - managerial and professional staff, B Division - sub managerial and sub-professional staff, C Division - clerical and equivalent, and D Division - labourer and equivalent¹⁰⁰. In 1987, the share of loans by divisions of employees was 12 percent for Division A, 8 for B, 50 for C and 30 for D; percentage subsidy was 10 for Division A personnel, 6 for B, 41 for C and 24 for D (see World Bank, 1989).

The World Bank associated the THLP with an upward trend in market prices of houses. This view was not shared by housing producers and the housing authority¹⁰¹. From the perspective of housing producers, THLP is a secured housing market, and helps generate effective demand for housing and stabilise production.

new scheme would be more affordable, and private sector funds would be more involved as the repayment period was shorter. States would not have to be involved in collections of repayment which would become banks' responsibility. [see also the field interviews, See ER20]. The Federal Government would gain in that States would pay back the loans within shorter time periods and indirectly offset the subsidy of infrastructure cost. Cf World Bank suggestion (1989) for PAKRs to become a market commodity removing subsidy to low-income families. At the time of the present study, to the knowledge of this researcher, the proposed changes have not been put into effect.

⁹⁹A revision of interest rates would affect affordability and access by the poor to housing loans. For example, Jagatheesan (1979) showed that under interest of 2% per annum, house buyers' monthly repayments were between RM\$30.00 to RM\$50.00 and a similar amount under the rental scheme. The revision of interest rates higher than 2% he argued had caused extreme difficulty for low-cost housing to reach the lowest income groups. Bearing in mind, at 5.5% interest rates for PAKR, hire-purchasers paid about RM\$70.00 to RM\$80.00 (see field interviews with households sector in Kemaman), with the proposal to raise interest rates to 9%, hire-purchasers would have to pay between RM\$127.26 to RM\$155.31, depending on principal cost.

¹⁰⁰In Divisions C and D, a great majority belong to low income groups of RM\$750.00 monthly.

¹⁰¹For example, the present writer, who was involved during the World Bank study, commented on the analysis of the housing market in the discussions with the World Bank's team. Various technical criticisms were offered, including points about methodologies, about control on prices, and about civil servants' use of private markets.

3.5.3.6.2.1(b) Role of Employees Provident Fund (EPF)

The role of the EPF in housing finance has appeared complementary to the existing finance systems. EPF has supplied "bridging loans" with workers withdrawing their savings to finance part of housing costs (see Federal Treasury, 1992/93). This role could be explained by its objectives, as a social security institution which has received contributions from workers¹⁰² to provide for old age retirement. Social security was the primary objective as instituted in the Employees Provident Fund Ordinance 1951. The new EPF Act 1991 (which substituted for the 1951 Ordinance), allowed the EPF to diversify its sources of income (capital investment, lending to companies, etc.) making possible better dividends from savings. The new Act seems to have enabled the EPF to play a more effective role as a promoter of home ownership (see Karto, 1993). Tables in the Appendices 3.6 - 3.9 to this thesis show the EPF's direct contribution (withdrawal by workers) and indirect ones (loans given to housing institutions). Payments made by the EPF were RM\$4.35 billion from 1977 to 1990 and 646,386 units benefited. A much bigger impact was expected when the 5.3 million members who had yet to participate entered the market (see Karto, 1993).

However, EPF policy has been criticised in the media and regarded as ineffective in solving problems in low-cost housing. A suggestion was for the EPF to operate on the model of the Central Provident Fund in Singapore¹⁰³.

¹⁰²The EPF claims that it is the largest savings and financial institution in the country with assets totaling RM\$50.53 billion held in trust from 7.4 million members (EPF information sheet, 1995). In 1993, from the 6.07 million members, 3 million were classified as active members out of which 2 million or 67.7% were low-income groups earning less than RM\$500.00 a month (see Karto, 1993).

¹⁰³For instance, a "public view" was reported in the newspaper "Utusan Malaysia" under the title "Ambil daya usaha selesaikan perumahan rakyat KWSP digesa ikut CPF" translated as "Take initiative to help solving people's housing EPF urged to follow the CPF". The report contained the views of "public figures" who urged the EPF to review its present policy to be more supportive of national housing policy, and to "learn" from the CPF and Housing Development Board in Singapore. (See "Utusan Malaysia" September 16, 1996.)

3.5.3.6.3. Loan financing in private sector consumption

3.5.3.6.3.1. The role of the Central Bank

Private sector housing finance is regulated by the Central Bank's lending policy and guidelines which have provided the framework for lending to priority sectors including housing, since 1965 (see Abdullah,1982). In the 1965 lending policy regulation, the Central Bank imposed a condition on composition of liquid assets to include housing loans to individuals and approved financial intermediaries up to 10 percent of a bank's savings deposits. It was revised in 1976, requiring commercial banks and finance companies to direct a minimum of 10 percent and 25 percent of loans respectively to individuals to purchase houses, and prescribed maximum rates of interest at 10 percent for a house cost not exceeding RM\$200,000 (Abdullah,1982). The interest rate policy was subsequently reviewed several times.

Lending policy and guidelines changed in the 1980s. In 1982, the new regulation focused on target purchase of housing units such as: (i) for houses priced not exceeding RM\$100,000 by commercial banks and finance companies, (ii) for Bumiputra and (iii) for low-cost housing (actually starting in 1986: see Majid,1993;Central Bank Annual Report,1994). Prior to 1986, low-cost housing perhaps did not benefit greatly from the lending guidelines; 1986 was crucial in low-cost housing financing because of the launch of the SLCHP and secondary mortgage institution (CAGAMAS) in the same period.

In another revision in 1994, regulations included qualification criteria for loans such as loans for first time buyers and for owner occupation; a married couple was entitled to one loan at a "prescribed" interest rate, for applicants with a combined monthly income not exceeding RM\$2,800 or building a house costing RM\$100,000 or less; and there was a revision of interest rates. These measures were claimed as having

the objective of channelling funds to poor and middle-income families (Central Bank Malaysia Annual Report 1994).

The Central Bank has also been involved in overseeing administrative aspects of low-cost housing financing, notably through the Permanent Committee for Housing Financing at national and state levels, and the Housing Centre Bureau that has investigated financing applications rejected by finance institutions (see Central Bank, 1988).

Central Bank regulations have been viewed variously by experts. Abdullah (1982) viewed the guidelines as reasonable financing terms supportive of home ownership policy, reflecting government's expectation for banks to play a social role in distribution of resources to wider sections of the community. On the other hand, the World Bank saw the lending guidelines as governmental direction of credit facilities, undesirable to commercial banks, and having negative implications for financial intermediaries. (see World Bank, 1989). The Malaysian banking community seemed to take a different view. For example we may note the perspective of the Public Bank Berhad¹⁰⁴ and the Malayan Banking Berhad (Nasir, 1993). They shared the aspiration for commercial banks to perform social roles in respect of promoting house ownership. They recognised problems associated with financing of loans for low-cost housing, such as unreliability of repayment which they acknowledged was partly due to economic cycles affecting incomes. An alternative formula to alleviate unreliability according to the Public Bank Berhad might be by making house buyers committed to loans through cost sharing or equity stakes (Chong, 1986). (Cf the EPF withdrawal scheme).

There was also a view which saw a reduction of low-cost house prices as a better option in the financing system (for example see Chong's [1986] analysis on a price

¹⁰⁴See Public Bank Berhad, "Proposed New National Housing Policy" an extract (from a paper presented to Consultative Panel of the Ministry of Housing and Local Government) (undated).

scenario, and cf Federal Treasury work on this). Work on filtering processes in the housing market (see study by Malayan Banking, 1993) has indicated a trend for typical houseowners during an active working life to change for better quality houses 2.2 times: perhaps price reduction would speed the process of filtering.

In any event, lending policy and guidelines seem to have had an affect on access to housing finance. Sources of funds covered were widened to include building societies, housing co-operatives (71 co-operative organisations in 1971, see Jagatheesan, 1979), commercial banks, finance companies and insurance companies. Writers have indicated significant levels of capital involved (Jagatheesan, 1979 and Nasir 1993). Information suggests that prior to 1986 commercial banks were little involved in financing loans for low-cost housing. The SLCHP changed matters, and the share of low-cost housing was about one-half of the total units financed in 1991 and 1992 (see Central Bank, 1993). Even so, there may have been limitations in effectiveness of targeting.

3.5.3.6.3.2. Roles of building/ housing societies in housing finance

In the 1990s, the Malaysia Building Society Berhad (MBSB), the Borneo Housing Mortgage Finance Berhad (BHMFB) and Sabah Credit Corporation (SCC) seem to have had more of a complementary than a lead role when compared with the 1950s and 1960s. Their roles in financing low-cost housing could be viewed as small. For example, taking the MBSB, the biggest building society, its share of aggregate housing loans constituted 6.7% in 1992 (see Central Bank, Annual Report, 1992). Its objective is to help finance low and lower middle-income groups' housing (Jagatheesan, 1979), but its involvement in low-cost housing fell to virtually zero between 1986-1990, although MBSB were involved in 14 public low-cost projects from 1981-1993 (Central Bank, Annual Report 1992). Jagatheesan (1979) noted a declining role mainly due to constraints of funds. The Central Bank, however related

the problem to slowdown in housing demand (Central Bank,Annual Report,1992). Some views have suggested that MBSB performance might improve following acquisition of its equity by the EPF (see Karto,1993), the largest savings and financial institution in Malaysia¹⁰⁵.

The BHMFB has provided housing finance to the private sector in the States of Sabah and Sarawak (Central Bank, Annual Report,1992). Loans disbursement, however, slackened in the 1990s (albeit still being RM\$39 million in 1992)(Central Bank,Annual Report,1992). For the SCC, loans - which stood at RM\$217 in 1992 - were claimed to favour government employees, the scheme benefiting them rather than general house buyers.

3.6. Islamisation policy and housing practices

The impacts of Islamisation Policy on housing practices are both direct and indirect. The indirect include for example the establishment of Bank Islam Malaysia Bhd in 1982 which introduced Islamic financing systems such as Trustee Profit Sharing (Al-Mudharabah), Joint-Venture Profit Sharing (Al-Musharakah), Deferred Installment Sale (Al-Bai Bithaman Ajil), Deferred Lump-Sum Sale (Bai-al Murabahah), Leasing (Al-Ijarah), and so forth (see Bank Islam Malaysia Berhad, 1994). Bank Islam disbursed RM\$203.1 million in 1993, and the figure increased to RM\$256.3 million in 1994 (see Bank Islam Malaysia Annual Report,1994).

Following the introduction of the Interest Free Banking Scheme (IFBC) in 1993, and Interbank Islamic Money Market in 1994, Islamic banking and practice expanded further. The IFBC allows CAGAMAS' participation in buying housing loans from

¹⁰⁵One thesis informant criticised the MBSB as having no clear function, despite it being the subsidiary of the EPF (see ER12).

Bank Islam Malaysia Bhd. (see CAGAMAS Annual Report 1994; Central Bank Annual Report, 1994).

Direct impacts are indicated in government's new guidelines for design of low-cost housing, and Islamic planning codes. The new policy is for three-bedroom low-cost units in PAKR replacing two-bedroom houses. (As noted earlier, the private sector has also responded positively.)

The institutionalisation of Islamic planning codes in development of new townships by the Department of Town and Country Planning (DTCP) in 1994 has also had direct impact. The planning guidelines, called a "Universal Planning Doctrine", are claimed to incorporate the basic tenets of Islamic spiritual values - human relations with the Creator, human to human relations and human relations with his/her environment - and these are apparently being integrated into planning and development. The application of this Doctrine, it is claimed, is being used in the new township Putra Jaya which will become a Federal administration centre. A similar approach is proposed for development of Bukit Bayah new township in Terengganu (JPBD Terengganu, 1996). The market seems to be responding: for example in the proposal by the Malay Chamber of Commerce in Terengganu to develop this township. The planning concepts have portrayed the mosque as the centre point, with surrounding buildings comprised of activities centres such as market, open space and recreational areas, government offices, housing and public amenities (Dewan Perniagaan Melayu Malaysia Negeri Terengganu, 1995).

3.7. Conclusion

This chapter has commented on key features in the evolution of housing policy in Malaysia. The period of pre-contact with the West illustrated the experiences of indigenous housing and technology, functionality of architectural design, and its effect on health and aesthetic beauty. Malays had practised the concept of the garden house

as far back as the 17th Century. Self-build and incremental construction methods were the affordable means of housing, assisted by mutual-help practices. Under colonial government, policy was concerned, especially in town areas, to overcome health problems brought about by poor housing conditions. The post-independence period saw more elaborate housing policies. In the midst of economic development and national prosperity, low-cost housing became an important policy issue. Housing policy in the 1970s through to the 1990s accorded importance to encouraging house ownership, especially by low-income families. Several schemes were introduced such as hire-purchase, controlled pricing through a policy of price ceilings for low-cost housing, a quota system for indigenous people, and financing and lending guidelines imposed on banks and finance companies. Finance stimulants were introduced in the 1990s to increase production of low-cost houses. Several funds were established directed at the production side. The position of social housing more recently seemed threatened in the light of the policy of privatisation in line with the emphasis on a private sector-led economy. However, the threat might be offset by other policy options such as low-cost housing programmes by the TPT Sdn. Bhd.

On the design side, indigenous technology has been gradually discarded in housing culture. Modernisation has made Malay architecture and design "extinct" in many situations and viewed as not useful in solving housing problems. Yuan (1987) argues that through education and the media, traditional solutions are portrayed as inferior, while the huge pool of traditional housing knowledge is being lost. Nonetheless, one possibility is that, given the technology available, housing developers could play roles of reviving traditional Malay houses. The Malay house involved a sophisticated prefabricated building system and perhaps present building technology could produce something similar.

Meanwhile, Islamisation introduced in the mid 1980s may have begun to bring about significant changes in policy and practice. Malaysians have had the option of

loans either by Islamic methods or by conventional financing. The preference for Islamic planning and housing solutions also has become more evident.

As can be seen, Malaysian housing experience has distinctive features as well as similarities to housing elsewhere. As studies in other countries show, affordability and costs have to be considered alongside constraints on access in the financial, land and political arenas. Malaysian policy "performance" here is hard to measure, but some features - like hire purchase arrangements - appear constructive for the poor. As in other economies, a shift towards marketisation may present problems for low-income households. There has been support both for informal and formal production systems; but perhaps it would be fair to say that westernisation and broad economic and political strategies have encouraged the latter. Chapter 6 will focus on household perceptions related to one of the key products of formal production (PAKR), and on households outside the formal sector.

CHAPTER FOUR

ISLAMIC MODELS AND HOUSING PRACTICES

4.1. Introduction

This chapter focusses on Islamic ideas relevant to housing, exploring their potential. We will consider applicability of the Islamic model which existed from 622 AD (1 AH) but lost its place to Western models, to see if its recovery offers prospects for advance in the modern world. This approach reflects a view that Malaysian housing policies will be more securely grounded if they take account of Islamic values.

Presentation of the Muslim system is in two parts. 4.2 will introduce concepts and philosophy 4.3 will explain models on finance, land administration, and building codes, and guidelines through which Muslim objectives could be applied to housing. We will refer to ideas by which the system and models can be related to socio-economic policies, distributive problems in housing for low-income families, and humane values in urban design.

4.2. Philosophy, concepts and process

The Muslim System¹⁰⁶ has its characteristics in the tradition of Islam¹⁰⁷ as embodied in its history and culture¹⁰⁸ and with the basic principle to seek the pleasure

¹⁰⁶A definition of the Muslim system is extracted from Sardar (1979). The Muslim system is a traditional system. Its basic principle is goal oriented, that is to create the pleasure of Allah (God). The objective is to create and maintain an environment in which Islam can be operationalised in all its manifestations within what is allowed and forbidden by Allah as embodied in the Divine Law ("Shariah"). As self-regulating systems, Muslim societies should show structural cohesion leading to an ordered wholeness.

Ziauddin divides the Muslim system into six subsystems, as follows: (1) The nation-states subsystem referring to the 46 Muslim countries, mostly in the Third World group, (2) minorities subsystem where Muslims are minorities; (3) the political-economy subsystem, (4) the ethnic subsystem referring to the diversity of ethnic groups in the Muslim population which implies diversity of traditions and cultures, (5) the social subsystem which describes assemblies in hierarchical order of individual; family which provides the cohesive bond for individuals; neighbourhood that provides cohesiveness of the Muslim families; the Islamic city- a special form and structure to facilitate interactions of individual, families and neighbourhood and to increase their

of God in man's effort to create and maintain a living environment, within the boundary of what is allowed and what is forbidden. Guided by the "Shari'ah"- Divine Commands and Law - the Muslim System is self-regulating and controlled by the "spiritual subsystem" within the framework of faith, righteousness, piety, morality, equality, peace, etc. Khilafah (1997) argues that Shari'ah laws covered three main aspects of life: the relationship between an individual and his Creator, Allah (subhanahuwata a'la [swt]), those concerning the individual himself, and the

interdependence and integration; and the ummah defined as the complete, holistic unit of the Muslim system; (6) the spiritual subsystem which is the fulcrum of the Muslim subsystem that ultimately shapes values and world-view. In ideal terms, the spiritual subsystem regulates the entire system by placing constraints on values and goals, and defines the relationship of values and goals to the system's capacity and the Divine Law. (see pp.102-109,1979).

According to Tibi (1991), the Shari'ah law is a sacred law and is taken as God-given. The law is independent of the ruler and practised interpretatively. Questions are raised about whether the Shari'ah needs to be reevaluated in contemporary Muslim societies, as a residue of preindustrial time, or the law be renewed by considering contemporary and intercultural perspectives. In this respect, Tibi suggested flexibility to enable the law to adapt to dominant cultural patterns, intercultural communication, and global social patterns of interaction. Tibi's view was of a modern notion of Islamic law, which he argued could help provide alternative solutions to Muslim countries' underdevelopment.

¹⁰⁷Muslim scholars have divided views about sources of Islamic traditions. Tibi claimed Islam is an Arab monotheism (Tibi, 1988), a view rejected by Rahman (in Tibi,1988). Ali (in Tibi,1988) suggests no inherent contradiction in holding fast to Islam as a religion and to Indonesian culture as his national and cultural frame of reference (in Tibi, op cit).

¹⁰⁸According to Islamic scholars, the history and culture of Islam instituted in the form of ummah started after the Prophet's migration to Medina in the year 622 AD and the establishing of the first Islamic State. The Prophet's traditions form the basis of Islamic culture. Tibi (1991) argues that Islam is itself a historical manifestation; it has taken on historically varied and regionally specific forms in the course of its development. Some Muslims see systems of belief and values in Islam changing with history, so that the actions of men cannot be derived from these systems. This view is opposed to traditional Muslim scholars who regard Islam as consisting of the Qur'an and the Prophet traditions (sunnah) which constitute the religious dogma. The outcome of change of values is that the "held norm" as embodied in the Shari'ah is not in harmony with "everyday action". For example, charging of interest in transactions (trade, commerce and banking) is a widely "accepted" practice whereas it is strictly forbidden in traditional Islam.

Sardar (1977) argues culture in Islam is not a mere sum total of actions, reactions and behaviours or a complex of art, literature and science, or even fashion of life and modes of existence; culture is a manifestation of being in a state of Islam. It incorporates a tradition as well as historical experience. It lies in fundamental concepts: belief in Unity of God (Allah), the Prophethood of Muhammad (peace be upon him [pbuh]), life after death, dignity of man, and a unity of mankind. It is held that once a person understands the true nature and relationship between the Creator and the created, it confers purity of motivation on human actions, creates genuine discipline and desire to order one's life according to the dictate of Allah - the Shari'ah - and generates the best in human feelings and efforts. In this view, for a Muslim, values and norms do not admit change: see Sardar,1977,pp.50-55.

relationships between people, including transactions, government, economy, and so forth.

This subsystem provides principles for conduct of societal affairs guided by Divine Law (the Qur'an) and the Prophet's traditions (sunnah) - Islamic "aqeedah"¹⁰⁹ - which prescribe the values and morality imposed upon Muslims. The "aqeedah" provide the source of rules and systems for society, solutions, standards of measurement, and concept and culture (Khilafah,1996;Awang,Hadi,1985). These extend into all activities of life in respect of transactions, government, administration, and conduct of family affairs. In the economic sector, for instance, questions of what the system ought to do are not determined by laissez-faire attitudes, but governed by moral constraints and Divine Law to attain the system's goals in respect of economic wellbeing of individuals, accumulation and distribution of wealth; social order and a caring society.

The spiritual subsystem provides a milieu that shapes and moulds the social subsystem which aims to achieve the ideal society of Islam called the "ummah". Ummah is a concept of a unified Muslim society possessing a common faith and goal, sharing of material benefits, common intellectual responsibility and a shared vision of worldly life and the Hereafter. These are bases of Muslim social philosophy (Shari'ati,1979)¹¹⁰. The interest of ummah prevails over that of individuals who are governed by ethics such as honesty, integrity and benevolence.

¹⁰⁹The Islamic "aqeedah", in the perspective of Khilafah, includes a spiritual "aqeedah" which addresses the issues of worship and ethical actions, and political "aqeedah" which addresses the affairs of society and its governance. The Islamic "aqeedah", Khilafah argues, is both spiritual and political, which directs individuals to worship Allah in the way in which He commanded, shape their conduct according to the Islamic Adab (etiquettes), and gives comprehensive guidance for all affairs of society and its governance within Islamic Law (Shari'ah). (see Khilafah,1997). The concept of political "aqeedah" has implications in respect of an Islamic state and its governance. This is in direct confrontation with secular thought which separates religion from politics.

¹¹⁰The concept of ummah according to Shari'ati (1979,pp.119-20) is holistic, encompassing economics, social life, politics and leadership. The infrastructure of the ummah is the economy on the basis that whoever has no worldly life has no spiritual life. The social system is based on equity and justice and ownership by the people, human equality and brotherhood which implies the "classless" society. The classless society is the fundamental

Haider's model¹¹¹ of the social subsystem assembles the roles of respective actors, from individual to formation of ummah, each stage guided by the divine scheme of life. Individual behaviour is affected, by outlook, beliefs and moral standards (Ahmad,1981). So anything affecting those variables must inevitably have far-reaching economic consequences. The search for individual salvation can lead to societal uplift and metaphysical progress (Sardar,1977). Formative principles operate where a family and neighbourhood collectively submit themselves to values and norms of Islam, giving strength to the city of Islam, which Haider argues is an environmental utopia.

4.3. The Madinah Model of a welfare state and Islamic city

It is important to make clear that the relationships between religion, politics and the state can be interpreted in a variety of ways within Islam. The notion of an Islamic state based on the Madinah model would be viewed critically by some scholars. Djat (1988:p.75) has maintained that Madinah did acquire the principal attributes of states, and that it was constructed in three stages - "hijrah", consolidation (during the Prophet's time), and expansion (during caliphs' periods). Furthermore, to Simonsen

principle, but it differs from Western socialism which is held to still retain the world-view of Western bourgeoisie. The political philosophy and the form of regime of the ummah is purity of leadership, committed and responsible for the movement and growth of society on the basis of its world-view and ideology, and for the realisation of the divine destiny of man in the plan of creation. Watt's interpretation of ummah broadens its political meaning and perspectives. Ummah was seen as a new body politic where community was not based on kinship and alliance, but on religion. The community was essentially founded in everyone acknowledging Muhammad as Messenger of God (1961,p.147). Watt assumed that the concept of ummah also existed in Jewish Society, or Christian or even the Pagan Makkah (p.148). Endress analysed causes of the destruction of the concept of ummah in Muslim society as the outcome of Western influences brought about by industrialisation, the division of labour and mobility. His argument was that manifold changes could no longer permit an all-embracing definition of ummah.

¹¹¹Haider (1984) presents a future: Islamic city, with ideals such as Faith, Law (Shari'ah), Viceregent of God and trusteeship (Khalifah), Nature (that is all of God's creations) subservient to His immutable laws, spending in the way of God from what He has bestowed (giving alms, charity and "zakat"), Justice (that is to uphold the Divine Purpose of Islam in the affairs of man and nature), Subservience and piety, Islamic unity in a social plane (Ummah), etc. From these he constructs a city of Islam into several images such as city of divine trusteeship; city of law; city of justice; city of purpose; city of care; city of ecological harmony; city of knowledge; city of simplicity, humility and piety; city of craft and ingenuity; city of beauty (see footnote 139).

(1988), "the Islamic state in Medina is the great example to turn to if one is to resolve the various problems of the modern Islamic world" (p.83). Nonetheless, Engineer (1994:p.1-24) has claimed that the Prophet did not leave behind any comprehensive theory of the Islamic state. Islam need not imply any definite form of government: it elucidates not a state but a concept of society. From this perspective Islam only provides a general foundation principles which allow flexibility in building a state for the welfare of the people. Furthermore, as Dean and Khan note (1997:p.200), one interpretation is that Islam resides within a world-wide "Ummah" which knows no territorial boundaries. This casts doubt on the idea of a Muslim national state. Where state intervention is concerned, however, the political character and moral basis for intervention ought in some ways to be inseparable (see p.196).

Our comments above indicate some of the possible differences or directions of interpretation over the Islamic state. The present writer feels that despite potential criticisms, drawing on the Madinah model remains useful.

4.3.1. Reality and significance

Religion as a model for development in Tibi's view (1990) has two conceptions, "models of reality" and "models for reality". Muslims look to the former to describe the concrete world, and to the latter for normative vision of how it should be. Al-Buraey (1992) identified an ideal Islamic (normative) model as having characteristics of Islamic values which give balanced emphasis to moral, spiritual, psychological welfare and development of individual and society.

The various subsystems of the Muslim system are derivatives of the Islamic Welfare State of Madinah founded by the Prophet Muhammad (pbuh). Muslim scholars (Tibi 1990;Haider 1979;Aziz 1990;Al-Hasan 1992;Bashier 1990;Chapra 1992) may point to the State of Madinah as a desirable model to be adopted in contemporary Muslim societies. Aziz (1990) suggests several key points to support an

argument for the significance of the Madinah model. Firstly, for Muslims the Madinah model was an instrument for the creation of durable institutions that demonstrated the practicability of God's laws in the Qur'an and the teachings of the Prophet. Tibi (1990) claimed that the Prophet's city of Madinah and his (pbuh) house¹¹² were role models answering problems facing contemporary Muslim societies. Ahmed (1993) emphasised that the Islamic ideal is based in the Qur'an and life of the Prophet, and moving away from this ideal has caused breakdown in administrative and political systems. Muslims needed to move back towards the ideal¹¹³. Mutalib (1996) introduced the concept of "hijratic paradigm" - the Prophet's migration to Madinah that established the Islamic State of Madinah - hijratic mindset towards achieving Islamic identity.

Secondly, the Madinah model symbolises Islamic administration and government - an effective combination of theory and practice - and its value in changing the fortune of its people; obedience to God's commandments as an overriding concern by rulers in conducting religious or temporal affairs and handling of statecraft; and simplicity and honesty as a way of life. These values bred Islamic order where the ummah were determined to explore the pathway to greatness. (Muslims' achievements in science, mathematics, medicine, astronomy, navigation, architecture, economics and philosophy are Islam's legacy to modern civilisation.) Thirdly, social and administrative institutions established by the Prophet offer invaluable help in mapping the strategy for the future. Fourthly, value systems bonded Muslims into a cohesive

¹¹²Ettinghausen and Grabar (1987) describe the Prophet's house which "consisted of a simple square court with a few small rooms on the side" compared with wealthy Arab merchants whose palaces showed their rank and wealth.

¹¹³Ahmed suggested Muslim Spain as the ideal model of a European society where the intermingling of race and religion produced a rich and dynamic culture; a culture which encouraged religious and ethnic tolerance, etc. (see Ahmed, pp.66-67.)

and orderly society not only in Madinah but also its territories. The moral and ethical principles and practice were commended by Western historians¹¹⁴.

The Madinah model demonstrates cohesive integration of temporal with spiritual affairs. This distinguishes it from capitalistic and socialistic systems (although this is not to imply that these systems cannot be argued for in terms of moralities that are not secular: e.g Christian Socialist approaches). For Muslims, Western models of decision making may not give due recognition to morality.

Chapra's discussion suggests a difference between two states of attainment, the "richest welfare state" or the "ideal welfare state". The ideal Islamic welfare state should not be confused with the richest. The ideal is to be construed in the light of general spiritual and material welfare attained within the framework of resources (Chapra, 1981). The ideal welfare state is attained according to Chapra if it is successful in elevating the spiritual level of Muslim society and minimising moral laxity, fulfilling its obligation for general economic welfare within the limit of resources, and ensuring distributive justice and weeding out exploitation. Islahi (1988) adopts "a means and an end concept" for an attainment of the Islamic welfare state. He refers to moral (honesty) and material improvement of man (sacrifice and co-operation) as means to an end; prosperity and sanity of a society. Behdad (1992), drawing upon Abu Sulayman, described equality in an Islamic welfare system as sourced from "tawhid" (Divine Unity).¹¹⁵

¹¹⁴Aziz (1990) cites some, including Gibbs, a British historian who commented that Islam had done more for the "progress of civilisation and morality than any other faith which has animated the souls of men since the beginning of creation" (cited in Aziz, 1990, p.6).

¹¹⁵For Abu Sulayman, (cited by Behdad, 1993), equality is the economic manifestation of "tawhid". "Tawhid" in relation to property right, he argues, means all natural resources including land, capital and general circumstances belong to the whole society. The extra income resulting from resources must be distributed among the weaker members of society: the poor. According to Behdad, this approach has been generally supported by populist movements such as Ikhwan al-Muslimun in Egypt and Syria, and Jama'at-i Islami in Pakistan.

The Madinah model as an inspirational ideal has become more justified for Islamic supporters in the light of failures of Western and socialist models in satisfying and solving the problems of ummah¹¹⁶. Ahmed (1992:viii) argues that Muslims today live in a world made for Islam by others, a world of secularism, nation-state (nationalism), and liberal capitalist democracy. Apparently, identities of Muslim countries and foundations of faith have been undermined by Western models. "Postmodernism" may also have created tensions in Muslim societies: in Ahmed's (1992) view "faith versus scepticism, tradition versus iconoclasm, purity versus eclecticism." One option might be to revert to a Muslim model as an alternative solution, developing it in a modern setting¹¹⁷. Haider, for example, has commented, "we have to look...at past for wisdom" (1979:p.181). Reference to Madinah need not be necessarily backward looking (cf Tibi,1990). Revivalists may wish to return to the glorious past to establish some form of traditional Islamic state (Mutalib,1996), but others claim the Madinah model as one for modern Muslim movements, needing modifications and adjustments to suit modern settings (see Sami,1993). Such arguments do not necessarily suggest seclusion of the Muslim system from the rest.

¹¹⁶Note the Prophet's saying of Madinah as a city of extended family: "You are all brothers unto one another. No stranger exists in this community. So greet you each other. Spread greeting to whoever you meet, because whoever you meet, is, from this day onwards, a brother of yours. He is no stranger, because Madinah is now the city of one extended family of believers in Allah (God) and His Messenger, and assuredly believers are brethren unto each other". (Bashier,1990,p.220).

¹¹⁷In Britain, Muslim movements such as Hizb-e-Tehrir and the Muslim Parliament are examples of minority Muslims' organisations which strive for a Muslim course. For example, Hizb-e-Tehrir has a motive of establishing British based Muslim institutions with a link to worldwide ummah for a worldwide Muslim state. The Muslim Parliament of Great Britain, however, apparently seems more concerned with welfare of Muslims in Britain and abroad, and advocates a self-reliance welfare system based on Muslims' own strength and resources. For example, it established Bait ul-Maal al-Islami to manage funds (from zakat and sadaqah) for Islamic education for British Muslims, loans to Muslim students, to promote health and welfare to needy British Muslim families, and for charitable programmes outside Britain. (See Dean and Khan, 1997:pp.205-206). Hizb ut-Tahrir's motives are more political, viewed from its concept of Islamic state as one single state over the whole Muslim world (see an-Nabhani,1996) - the Khilafah State (see al-Ansari,1996). The thrust of the welfare system envisaged by Hizb ut-Tahrir is economic security. For example, on housing, Hizb ut-Tahrir is of the view that it is a state responsibility to provide affordable housing and suggests extensive home building both by the state and assisted by private individuals (markets). Housing programmes should consider individual circumstances, needs and ability; and mechanisms of helping citizens' access to housing such as gift from the state, or interest-free loans from the state. Private sector involvement is important in helping the poors' access to housing through financing schemes such as "qard hassan" (interest-free loans from the rich), deferred payment (holding the price more or less the same on the current price), and "awqaf" (by waqf institutions). (see al-Ansari,1996).

The Prophet (pbuh) encouraged Muslims to seek knowledge even to China, for Muslims to command technological understanding. What is condemned by some scholars is indiscriminate, sterile imitation of other systems (Jameelah,1990). On the other hand, Islam does not provide a fixed substitute.

Al-Buraey argues contemporary Muslims should not necessarily be replicating the systems of Muslim governments in the past¹¹⁸. Nagata (1994) has viewed Madinah as a prototype with many discrepancies for implementation in multi-ethnic and multi-religious societies. Islamisation processes, she claimed, quoting the experience of Malaysia, attempt to eliminate discrepancies by realigning the administrative political unit with the religion (1994,p.65). Gerholm's (1994) discussion of Islamic ideals and realities suggests Muslim realities are in need of urgent redress. Nonetheless, a key issue remains how aspirations are transformed into practices in present-day modernising societies. The resulting compromises, reformations and renegotiations of ideas deserve further research.

4.3.2. Systems of welfare economics

The establishment of the Islamic Welfare State of Madinah was the Prophet Muhammad's vision¹¹⁹. The principles of the welfare state were a just socio-economic order, free of exploitation¹²⁰ (see also Dean and Khan,1997,p.203), collective risk-

¹¹⁸Al-Buraey argues Muslim people must uphold the principles of government and administration by looking back at the history of the endeavour and the life of the Prophet Muhammad (pbuh) and the caliphs who succeeded him, but this does not necessarily mean imitating their system of government and administration. Present day society, he suggests, should examine the model only to provide an inspiration and administrative ethics (see 1992,pp.291-97).

¹¹⁹Aziz described the Prophet's framework of welfare in his capacity as an economist and experienced international trader. The experience and knowledge was guided by the Qur'an in respect of economic justice, honesty and fair play in individual and collective dealings, and social assistance for the needy and the indigent.

¹²⁰To Aziz, resources made abundant on Earth are God's creation which belong to Him. Man as God viceregent holds them in trust. He is accountable for the way in which he uses or misuses God's bounties, and liable for punishment. This principle is important in managing national wealth and resources in an Islamic state.

sharing, economy and business, with priority to fulfilment of basic human needs (Aziz,1990), and "the culture of human charity" (Buckley,1996,p.2). The foundational basis is Qur'anic prescription, and human welfare¹²¹ a major goal of public policy of the State, which institutes social and economic justice, promotes equitable distribution of wealth, discourages conspicuous consumption, generates employment through productive economic activities¹²² and creates a caring society: with fraternity, brotherhood and simplicity of life style.

In fiscal policy, the tax structures were a zakat tax¹²³ on income and wealth levied on Muslims, and the jizya tax¹²⁴ paid by non-Muslims. Smallness of zakat tax was expected to encourage savings and investment in economic activities. From their excess wealth, wealthy Muslims could contribute charity¹²⁵, to help the poor and for

¹²¹According to Al-Buraey (1992,pp.242-8), the welfare system in Islam gave protection to orphans, disabled people and destitutes. Under Caliph Ali's administration (in Madinah) 656-661, and Caliph Al-Ma'mun under the Abbasid Dynasty 813-833, these principles were made written directives.

¹²²For Islamic scholars this is evidenced by the action of the Prophet. When his companions requested that they should be given some help from the Bai-tul-Maal (State Treasury), the Prophet gave land for cultivation to those who showed interest in farming. According to Aziz, this had two objectives: firstly to enable them to earn a living, and secondly to contribute to overall agricultural production.

¹²³Zakat is an obligatory alms tax which constitutes one of the five pillars of Islam. Zakat is payable only by Muslims classified as persons of means. Others were exempted. The levy was 2.5% on income and wealth. Zakat tax was to be utilised and distributed for those persons prescribed in the Qur'an: (i) the poor, (ii) the destitute and needy, (iii) helping the new converts to Islam, (iv) helping those in debt, (v) helping wayfarers, (vi) helping to free bondage slaves, (vii) helping those who needed expenses in the course of service to God, and (viii) paying those employed to collect and administer zakat money. Siddiqi (1986) saw zakat as direct income transfer, which involved the least interference with market process, has minimal allocative effects; and offered a viable policy tool in public finance (Mannan,1986). Faridi (1983) pointed to zakat's potential in alleviating poverty and enrichment of fiscal resources, which he claimed provided a "third sector" (voluntary sector), after public and private sector sources in an Islamic welfare state.

¹²⁴Jizya was a poll tax imposed in mediaeval times on non-Muslims who were Ahl al-Kitab in areas ruled by Muslims (see Netton,1991:p.138). According to Aziz (1990) indigent and disabled non-Muslim men and non-Muslim women and children were exempt from jizya tax. Part of this tax was utilised for the well-being of the non-Muslim communities and repairs of their places of worship: churches and synagogues.

¹²⁵Aziz claimed that Madinah society was taught the invaluable reward of charitable practice as means to seek the pleasure of God for gainful life in the Hereafter, and not an end in itself. This is the value objective prescribed in the Qur'an and taught by the Prophet to the Madinah Muslim community. Apparently, the wealthy contributed to charity eagerly.

uplift of the socio-economic status of Muslims in general. Zakat tax and charity could potentially support important anti-poverty programmes, and a social security system (Buckley,1996). Dean and Khan (1997,p.206) have noted the implications of zakat in welfare policy (they refer to the needs of members of the ummah, and Islam's commitment to equality and fraternity).

In business, usury was prohibited for consumption and capital loans. Alternative mechanisms were equity-based financing, and profit and loss sharing; the fiscal instruments for financing trade and other economic activities were trustees or "Amins" (equivalent to today's private bankers) to manage moneyed persons' investments in merchandise for sale at home or abroad or to buy property for profit (Aziz,1990)¹²⁶. The argument here is that trade and business could prosper in Madinah under the non-usury financing system, despite competition from the usury system amongst non-muslims. In the consumption sector, loans were given out to the poor as "qard-hasanah" (good service).

4.3.3. Provision of housing: state responsibility

Madinah did not assign to private ownership public utility resources such as natural water springs, roads or even travellers' lodges (hotels or hostels by present standards) (Aziz,1990;Zaman,1991). Islahi (1988) in defining the goals of the Islamic welfare state argues the well-being and improvement of the individual are not to be left to custom or to informal or private initiative. The state must accept responsibility. Housing provision was made a state responsibility in some senses. The Prophet's

¹²⁶According to Chapra (1992), Islam recognises price mechanisms. Baharum (1991) illustrated a price mechanism in the Hanafi school on "mua'malat" (trade and commerce) which provided guidelines on profit, which is fixed according to types of commodities: for consumption goods should not be more than 5%, for animal used for productive activities should not be more than 10%, a fixed asset (such as a house) should not be more than 20%. Within Shari'ah, markets, it is argued have moral obligations to help realise public well-being, ensuring a balance between private and social interest, and preventing economic diversion by vested interest.

saying about the right of state officials¹²⁷ supports a role for the state in housing provision:

"one who works with the government, he has the right to have a wife. If he does not have a servant, so he has the right to have one. If he has no house to stay he has the right to have it".

Under Caliph Umar, there was public housing in new townships in Abla (now Basra) for a population of 1000 and Kufa for 40,000. The administration instituted a policy for three-bedroom houses. The new towns had a mosque as centre point, office buildings and open spaces; and road width specifications (Hussain,1994). The concern of providing shelter to homeless people was manifested in policies of the Madinah State, which built travellers' lodges on the highway and trade routes using resources from the zakat fund. These lodges were meant for wayfarers including non-Muslims to stay for free during journeys (Aziz,1990;Zaman,1991). This policy was followed by caliphs after the Prophet. They built an enormous number of travellers' lodges in countries under the Islamic empire. Wayfarers were considered temporary homeless persons and under Islamic government deserved to be assisted¹²⁸. Mosques were also used as hostels¹²⁹ in addition to other uses: for community halls, schools and reception of foreign dignitaries, courts of justice, State Secretariat and as "Baitul-Maal"¹³⁰.

¹²⁷Translated here from the Malay language version, in Baharum, 1990 p.3. Muslim scholars have made two interpretations to the saying. In one, the state itself built houses free for its employees. They claimed this is justified if wages are low enough. Two, employees themselves built or bought houses from their salary or wages. This is subject to a condition that their salaries incorporate the cost of having the three elements: servant, wife and house. It can be argued that such a policy implies full assistance to a privileged group, male civil servants. One rationale for such a policy might be to avoid civil servants being involved in corruption. Civil servants from an Islamic view point are not a privileged group, but bear trust and responsibility to the public.

¹²⁸Provision of shelter for the temporarily homeless was regarded as a state responsibility, on the view that man deserves privacy and dignity in whatever circumstances. The sense of public care for these people would bring them to associate themselves with the community.

¹²⁹Glagney reveals his experience while doing research in the Muslim Chinese community (a minority one) in the People's Republic of China. Muslim people he met suggested he stay in a mosque because there was no hotel in that area. He was also told by the people in the area that most of the Hui (one of the Chinese Muslim minorities) in the city were concentrated near the mosque. (Glagney 1991:p.172). The tradition of welfare activities associated with mosques is also observed in the United Kingdom. For example Muslim minority

4.3.4. Gender and family institutions

Gender in the Madinah model was viewed in the context of family institutions which were given paramount importance. Ahmed (1993) indicates that the model of ideal behaviour comes from early Islam and that the Prophet exemplified both ideal son, ideal husband and ideal father. The family (see Ahmad, 1974) was based on key principles: a divinely-inspired institution; faith; marriage; social contract and equality of sexes with the objectives of preservation and continuation of the human race; protection of morals; for psycho-emotional stability, love and kindness; value-orientation and socialisation; widening the family horizons and producing social cohesion in society; social and economic security; and motivation for efforts and sacrifice. Muslim scholars have regarded the role and status of "viceregency" as shared by man and woman. Apparently, this provides the operational framework for the Islamic scheme of life and family institutions which lays the foundations of their essential equality in society.

L. Ahmed (1992), however, has criticised the Muslim system as responsible for dismantling women's institutions, and establishing male proprietary rights. Acceptance of women as participants in and authorities on the community's central affairs steadily declined. Islam apparently displaced a matriarchal order with a patriarchal one (see also Watt, 1961). Other observers of Islamic traditions, even so (for instance Jameelah, 1990), have seen the roles of women and men as complementary (see also Watson, 1993). Ahmad's view (1974) on the Islamic law of inheritance fits this notion. Men having more share of inherited property is supposedly based on consideration of men's economic roles and responsibilities in the family.

communities may organise through the mosque to help meet their housing needs, or may coalesce around religious associations in setting up social housing organisations. (For example, see Harrison, 1991).

¹³⁰Baitul-Maal is a public treasury.

The impact of Islamic family values on housing itself needs to be set alongside changing social structure, and influence of Western culture. Many women and men may be committed to a variety of traditional and religious values (such as the idea of complementary roles) even if some households are more sympathetic to Western interpretations of gender equality. Housing preferences will be affected by Islamic values concerning family, in specific contexts.

One crucial belief is in the extended family system. The Shari'ah clearly lays out the obligation and responsibility of male children to look after their parents. Islam places high respect on parents. To abandon one's parents is seen as a major sin. The system of parental care in Islam has clear guidelines¹³¹ that male children collectively are responsible, unless the parents sincerely choose or favour any one of the male children. Female children are detached from being responsible to parents after they are married. Their responsibility is to their husbands and families. Advantages of the parental care system potentially include protection of parents from being taken into "old folks homes", and saving on public spending¹³².

¹³¹The Qur'an ordained children to be kind and dutiful to parents: C17:V23, C29:V8, C31:14, C46:V 15-18 (in Abdullah Yusuf Ali); and C2:V83,215, C4:V36, C16:V90, (in Al-Hilali and Khan). Being obedient to parents included maintaining them, giving them presents and gifts, speaking gentle and loving words to them and asking their permission when going abroad. The Prophet's saying was that heaven lies beneath the feet of the mother.

¹³²In the Muslim system, the state has responsibility to support subsistence needs of old people who live with their children who are poor, from Baitul-Mal sources. A study by Da Vanzo and Chan (1994), showed that in general coresidence between parents and their adult children was the norm or tradition for most Malaysians. Specific findings showed that widowed or bereaved seniors were more likely than married seniors to coreside with at least one adult child; coresidence for married seniors related to housing costs, especially in urban areas. In rural areas, despite lower housing costs, coresidence tended to be more prevalent perhaps because rural residents were more traditional in attitudes towards parent-child coresidence. By ethnic groups, results showed that Malays were least likely to coreside with an adult child: instead Malay parents and children were more likely to live near one another than in joint quarters. Apparently Malays had a lower average age at marriage and were more likely to live independently immediately after marriage. Chinese were the most likely to coreside.

In Singapore, a 1993 survey involving 6,000 families by the Housing Development Board of Singapore showed that 20 percent of married children coresided with parents, or lived next door to their parents; two in five married children chose to live near parents; 10 percent lived in the same or nearby block, and 10 percent in the same housing estate. A common reason given for disfavoured coresidence or even living next door was to avoid conflict with in-laws. (The Straits Time [Singapore] Weekly Edition, Saturday June 11, 1994).

Implications of the extended family for women's housing preferences have been revealed by Waltz (1988) in Tunisia¹³³: such as for a spacious house and a large courtyard. Waltz argued that women's aspiration for better family housing was justified, and suggested new design parameters¹³⁴. Interactions between modernisation, marketisation and culture for women's housing needs are likely to be complex, as Bernal has shown (1994)¹³⁵.

4.3.5. Morality and state roles

In the Muslim system, it is recognised that economy is the infrastructure of ummah (Shari'ati), an integral part of an Islamic society and state (Ahmad,1985). It is linked with concepts of zakat, and an understanding of social welfare and obligation in an Islamic state (cf Dean and Khan,1997). Hence it is a centre point in the social system (Ahmad,1985) and for social policy: implying distributional justice, need fulfilment and equality of opportunities. Economic justice is seen as a moral virtue and economic activities a moral obligation. Morality is argued to be a central theme in Muslim societies and their economic systems and induces the appropriate psychological and moral state of mind and conscience (Yusuf,1971). The required standpoint is shown in the Prophet's (pbuh) saying:

¹³³Waltz (1988) indicated the extended family system losing ground. With the nuclear family, size of lots intended for low-cost housing had been reduced. Reduced floor areas may have been at the expense of women's needs.

¹³⁴Low-cost housing units with provision of basic structures but larger space, allowing flexibility for households to modify space utilisation accordingly later on; an idea shared by women in his research areas in Medina and Ibn-Khaldoun cities. Also, design of housing into clusters with a shared communal area or courtyard firmly closed to men. Having a communal courtyard might answer the problem of social isolation of women in their homes.

¹³⁵Bernal's work in Wad al Abbas a rural village showed the effect of capitalism on urbanity and material success, but at the same time Islamic traditions and values became stronger. The changes were characterised by rising housing standards associated with new design and building of brick or concrete walls (six-feet high) for family privacy and security. Women apparently maintained their traditional role of social order, maintaining kin and community networks, home economics, child care and household work.

"Observe those less fortunate than you are and do not observe those more fortunate than you are - by doing so you will be less likely to feel ungrateful for Allah's bounty"

Ideally justice is achieved in economic activity through the welfare system, an equitable distribution and access to resources. The role of the state is to sustain and execute social order and social justice within the parameters of the Shari'ah law; Yusuf argued states must ensure the needy benefit from endowment of wealth to satisfy the needs of all individuals. Ahmad (1985) argues that policy and planning in Islam are guided by ethical principles that provide the framework for decision making while moral criteria play a decisive role in making the final choice in any policy decision.

Some Muslim scholars have claimed that there is no *laissez-faire* in Islam (Yusuf,1971;Ahmad,1985¹³⁶), and Chapra (1992) argues that privatisation in an unjust manner will be undesirable in a Muslim system. *Laissez-faire* and privatisation are seen as affecting equal opportunities and raising equity-related issues. Yusuf has claimed that the Muslim system accords priority to state ownership of property such as forests, land and public utility services.

In the operation of the state, Islamic ethics are again significant. The values advocated by Muslim scholars were the core features in the Madinah model of state bureaucracy. For example, under the rule of Caliph Umar (634-644), the bureaucracy was apparently manned by administrators selected from pious, qualified, and trustworthy persons. A complaint bureau was instituted to check regional governors and errant administrators. The system of administration was based on checks and balances ensuring justice and rights of the public (Al-Bureay, 1992,pp.222-233).

¹³⁶Ahmad describes the Islamic economy as neither wedded to the absolute right of private ownership and enterprise nor to total nationalisation of all means of production and consumption. It affirms the right of the individual to own property and engage in private enterprise but transforms the concept of ownership into that of trusteeship and subjects individual freedom to social regulation. It is a private enterprise economy with social management and guidance.

In some respects the Madinah model resembles democracies where citizens irrespective of their faith or ethnicity have enjoyed human rights. It resembles a republican regime because there was apparently no monarchy, no elite ruling class and no hereditary rule; and resembles federalism because it gave considerable internal autonomy to its territories and tribal groups. Its uniqueness was attributed to the Shari'ah law which constituted the Constitutional Law of Islam (Aziz,1990). The high quality of the Shari'ah law was even recognised in a Western Parliament¹³⁷ (although see Dean and Khan, who indicate limitations with "shura" or consultation; 1997:p.202). It is a welfare-oriented model because of its endeavours to maximise wellbeing of a righteous community; with societal cohesion, and "public weal". The Madinah model, however, might be viewed as a theocratic model, and this has been detailed by scholars (Hamidullah,Tabbarah cited in Israr,1980;Al-Buraey,1992). Even so, Islam does not necessarily recognise authority or status of priests, individuals or classes of people. The Shari'ah does not permit heads of state to formulate new laws arbitrarily, and theocracy-associated priests or an honourable class of people might be alien in a genuine Islamic system.

4.3.6. Planning codes and theories

Hakim (1986) and Nasr (1987) have pointed out that development of building codes, principles and urban design, paralleled the development of Islamic Law; interpreted by the "Fiqh" School of Jurisprudence, these became semi-legislative in nature. Planning and building rules used in Muslim societies in the past were illustrated by Hakim (1986,pp.142-156). The Qur'an provides principles of town planning, advocating spatial location of townships such as a location (between) "towns easy to be seen" (see Hilali and Muhsin Khan,1993, Chapter 34:verses 18-19,pp.662-663. See also Ali, 1989, p. 1089, citations 3816-3819 for accounts of experiences on

¹³⁷Burke, the 18th Century British Parliamentarian and orator, for instance in a debate in the House of Lord over the impeachment of Warren Hastings, apparently praised the Shari'ah "Muslim Law and Jurisprudence" as "the loftiest in the World" (cited in Aziz 1990,p.65).

prosperity, trade, and the outcomes on trade when towns were located far from each other).

Muslim building principles, construction etiquette and codes had existed as early as 622 AD and were being practised in the City of Madinah, becoming accepted within the process of building and urban development. The Maliki School apparently laid down 12 principles, derived from the Qur'an and the Prophet's sayings, that provided guidelines or specifications with respect to house construction and neighbourhood building, rights of property owners, and public rights and responsibility. (see Hakim,1986,pp. 19-22;cf Appendix 4.1). The codes and etiquette provided for individual, neighbour and public rights over the respective property, which it was claimed inculcated the sense of respect which formed the basis of unified Muslim societies.

Where neighbourhood guidelines did not entail specific technical detail, they nonetheless provided important indicators of the concern for respect of neighbours (for definitions see Hugh,1935;Abdul Rahman,1989). Guidelines aimed at establishing an orderly community. For example, determining the height of windows of a house from street level, so that the privacy of occupants was protected from overlooking. (This also adds to security of property.)

Haider used the concept of "life of purpose and love", in which urban Muslim societies should have three fundamental images: (1) "Dar-al-iman" that is a city as a community of believers whose individual and collective efforts are to live within the framework of Islamic principles; (2) "Dar-al-Qur'an", a city as a medium of Qur'an guidance that structures the reality of existence, that discriminates between right and wrong, and light (nur) that dispels the darkness of doubt and denial; and (3) "Dar-al-Sunnah" a city as a crucible for realising the Prophetic model at the collective level. (See also footnote 103). Nasr used the concept of "all embracing nature" where Shariah law is interpreted in the principle of "ibadah" (worship of Allah and doing good deeds)

and the principle of "muamalat" (business, economic transactions). With the principle of "ibadah" as the basis, Nasr argued that Islamic architecture and city planning grows from the mosque. A mosque normally is located in the heart of a city. At the radii of the city were the locations of education, business transaction places, administration offices, cultural activity and private living. Call for prayer penetrates into every architectural space for Muslims to perform the "ibadah" (prayer) and resume the "muamalat" (activities of individuals) after that. He observed that the mosque had lost its central position in city planning in contemporary Muslim societies. Ad-Darsh (1990), however, pointed to a revival of interest in the importance and roles of a mosque, following the first International Conference for Mission of the Mosque in 1975. The mosque during the Prophet's time and under his four caliphs had played several roles (Ad-Darsh,1990). An individual Muslim house was supposed similarly to reflect various activities¹³⁸ for family, neighbours and visitors.

In Haider's account, City of Islam is linked to elements¹³⁹ such as divine trusteeship (the Qur'an and sunnah are the "Absolute Frame of Reference"), ecological

¹³⁸This was noted by an informant in the thesis field interviews who recalled experiences of "imam" (Muslim scholars) who used their homes like a mosque, and the Muslim community in Sudan who used their homes accepting "wayfarers" [see ER24.]

¹³⁹Each is significant: "city of divine trusteeship"- individual freedom contained by responsibility to the "ummah" (collective) with answerability to Allah; "city of purpose"- an environment that takes all measures to prevent environmental degradation, economic exploitation, degradation of social values and morality and decay of architectural form of Islam; "city of care"- serves as a place of rest, care and protection, for those who are less fortunate or handicapped or disabled, by collective or individual effort while public welfare and social institutions prevail; "city of justice"- an environment that 'encourages selfhood without selfishness and pride without conceit', breakdown of class structure without destroying natural hierarchies sanctioned by ethical tradition; "city of law"- an environment that provides the support for Shari'ah, and provides security and protection not so much by imposed controls but by social responsibility and mutual accountability; "city of causality and accountability"- individual as well as collective are concerned with whether what they do is beneficial or harmful to society and nature, conscious of responsibility to self and Allah; "city of ecological harmony"- an environment of mutually enhancing relationships with nature that puts great value on physical and mental health; "city of simplicity, humility and piety"- an environment that creates a sense of place which is continuously indicative of responsibility towards the hereafter through highlighting duties to Allah and fellow men; "city of life and energy"- an environment that is responsive to internal feedback of the citizens, adaptive to cultural change but resistant to compromise on fundamental principles; "city of knowledge"- image of a source of books, scientific inquiry and technological development (Madina-tul-ilm- Madinah City of Knowledge); "city of craft and beauty". (see Haider, 1979,pp. 181-185). For Western parallel see Lambooy and Moulaert,1996.

harmony, simplicity, knowledge and technology¹⁴⁰, and beauty. Although perhaps the Madinah model did not produce any spectacular city in form and physical appearance, there were already signs of "modern" features; for example, the concept of orchards¹⁴¹ at the edge of the city, the concept of a public park, planning standards introduced by the Prophet in construction of roads, and guidelines in house building.

Antoniou (1988), has argued that the views of the Prophet (pbuh) were rooted in the cities of Mekah and Madinah, an indication of the urban character of Islamic civilisation. Social solidarity based on religion became a powerful force centred around life in cities. Urban design after the Madinah period, according to Petherbridge (1978)¹⁴², still maintained concepts of Madinah; as in plans for Baghdad prepared by al-Mansur in the 8th century:

"Quarters were not divided according to status; each was a microcosm with rich and poor living alongside one another sharing mosques, fountains, hammams (public bath)...markets..."

The planning theories and the concept of "tawheed" or "ibadah" extended into housing. Petherbridge commented that "In Islamic culture it is both the explicit and the implicit Qur'anic prohibitions¹⁴³ that are the primary determining factors in the

¹⁴⁰The concern for technological advancement in city planning was exemplified by the development of the City of Gabes in Maghriby. According to Ibn-Khaldun, in this city the authority employed workers whose activities were ensuring clean air in the city which got rid of stench and people were less affected by diseases. (See "Muqaddimah Ibn Khaldun" [translation]-pp 402-403, by Thoha, 1986).

¹⁴¹This was noted by an informant in thesis field interviews. He claimed that an orchard (equivalent to a public park by modern definition) had wider purposes. Orchards were not only providing shade for benefit of the public, but were for poor families enjoying the fruits. [see ER23].

¹⁴²Petherbridge provides a detailed discussion of housing in Muslim society, its architecture, social aspects, use of space and interior designs, control of environments, etc.

¹⁴³Petherbridge quoted verses in the Qur'an such as "Wives of the Prophet you are not like other women. If you fear Allah, do not be too complaisant in your speech, lest the lecherous-hearted should lust after you. Show discretion in what you say. Stay in your homes and do not display your finery as women used to do in the days of ignorance..." (Surah [Chapter] xxxiii, verses 32-3); "Believers, do not enter the dwellings of other men until you have asked their owners' permission and wished them peace..." (Surah xxiv, verse 27).

formation of a domestic unit, for these (Qur'anic prohibitions) define what is socially acceptable" (p. 196). He highlighted domestic privacy and the seclusion and segregation of women. The concept of "ibadah" and facing the "Qiblat" was widened into practices of respect of the "Qiblat" in housing¹⁴⁴. The "Qiblat" became a source of reference in house design. Petherbridge described Muslim dwellings in Bosnia:

"...doors are ideally placed so that the back of the person entering should not be turned to the south-east, that is towards Mecca. Even the positioning of toilets is influenced by religious injunctions relating to pollution and the sanctity of the qiblat orientation". (p.202).

Watt argued that Al-Ghazali, for instance, extended the application of the principle of "respect" to include also the sun and moon, so that a Muslim should not while easing oneself "turn either face or back to sun and moon"¹⁴⁵ (Watt,1994,p.103). The Prophet's practice is further translated into design of bathroom and toilet(A-Kaysi,1986)¹⁴⁶ and use of toilet bowl.

4.3.7. Design principles for affordable housing

Affordable housing envisaged by Islam reflects principles based on environmental sensibility: of seasons, sun and air, which implied harmonising men's

¹⁴⁴It is argued that house layout that directly faces the "Qibla" enables more space to be utilised for congregation prayer held in a house either by family members or even visitors. This was the view of an informant in thesis field interviews [see ER9].

¹⁴⁵In thesis field interviews an informant from a religious institution believed that such a requirement depends on location of site and it is not wrong if these principles are not followed. [ER21.] Another informant argued that observing the "Qiblat" is associated with "barakath" (Divine pleasure) and it is thus ethical to practise and follow such a requirement. [ER8.]

¹⁴⁶In a traditional Malay Muslim house, a toilet was normally detached from a bathroom. Such practice in design was based on rules that prohibit reciting Qur'anic verses or reciting the name of "Allah" (God) in the toilet. The bathroom is an exception. Ablution mostly involves reciting Qur'anic verses. With a "detached" bathroom, it is "safe" to recite Qur'anic verses. In addition a bathroom is clean so that one has a "sound" ablution. (see also informant (ER14) in thesis field interviews).

life with their environment, and employed forces of nature for energy and ventilation, so that man can afford sustainable living. Nasr (1987) and Al-Kaysi's (1986) perspective on affordable housing was a concept of a multi-purpose room: one room can serve as bedroom, dining room, guest room and place of worship. Multi-usage is facilitated by lack of fixed furniture, and the room becomes spacious, a symbol of simple life. Nasr's view is supported by Stoddart's observation of the traditional Muslim house (in Fez). Stoddart described houses where rooms were high so that they retained coolness, rooms had virtually no furniture and all light came from the courtyard. Stoddart saw functional housing in traditional Muslim society as attributable to the simplicity of life and modest dignity that came from prescribed prayers as a result of which the differences of social class were greatly weakened. Generally, a courtyard house functioned as a temperature regulator, modifier of climate and efficient house form for space utilisation (Hakim,1986;Nasr,1987;Petherbridge,1978). The concept of decent housing in Islam, however, carries different meanings. A home is constituted of two main components: a physical product and the spiritual forms. A "decent" home might be described by Arab proverb "my home is my heaven". It demands simple design in harmony with forces of nature, unity of functions of space and a cohesive society of rich and poor living together. For example, the second caliph of Islam - Caliph Umar - advised his army commander thus about housing:

"It has come to my attention that you have built yourself a castle which people call the palace of Saad; and that you have made between yourself and your people a door; and advised that it is no more your palace but the palace of your dreams; so leave it for a more modest house and do not make the gate a barrier that would prevent people from coming to you for their rights." (see Alsayyad,1996,p.100).

The advice indicates concern about segregation as a source of inequalities. Stretton felt Islamic models ideally did not have class structure built physically into the lay-out of neighbourhoods and the stock of housing (1978,pp,41,203). Emphasising integration, Al-Kaysi (1986:pp.166-67) outlined eleven principles of good behaviour toward neighbours.

4.3.8. Financing models

This subsection provides some insight into Muslim financing methods. Attempts will be made to relate some of the methods to housing, keeping in mind their potential applicability in Malaysia.

The role of Islamic financing is indicated in Wilson's (1990) survey¹⁴⁷ on the development of Islamic financial markets within Muslim societies, with positive reactions to Islamic banking, and many conventional commercial banks today offering clients Islamic finance services. Karsten (1992) has verified that Islamic banks have been successful from the standpoint of both owners and clients. (See also Kuran, 1992).

Interest-free financing is fundamental in differentiating a Muslim economic system from secular systems. There is a view that Islamic financing methods might provide a corrective for injustice in distribution and accumulation of wealth (see Chapra, 1992), through trusteeship, care for others, moderation in consumption, mutual consultation as a method of collective choice, treating wealth as a means to the good life rather than as an end in itself, and productive effort as a means of serving the cause of Allah (Siddiqi, 1995). The element of exploitation is apparently eliminated, guaranteeing more opportunities for low-income people to raise finance.

¹⁴⁷Islamic institutions had proved attractive. Success depended on customers attitudes and choice of bank available. In Egypt, for example, the Mit Ghamr Savings Bank established in rural areas based on interest free funding had provided a workable model. A borrower seeking a loan was required to deposit regularly in the bank for six months before credit was considered. Besides normal banking services an exemplary service offered was the social services. Under social services, the bank created a fund from "zakat" revenues, mainly for giving financial help to the needy and interest-free loans to those who did not have savings accounts. Ashker (1987) argues the Mit Ghamr Savings Bank was significant in the banking system because it managed to mobilise small savings of individuals of limited income and succeeded in improving the standard of living. (see Ashker, 1987). Wilson's work (1990) showed that problems of rural debts were reduced as borrowers no longer had to depend on money lenders. This study can be set alongside Boleat and Coles (1987) findings that in developing countries informal lending institutions took a major share in total housing financing. For instance in Bangladesh, non-institutional informal sources were the prime source of credit for housing construction for the poor and charged exorbitantly high interest rates (Rahman and Hasnat, 1993).

Turning to specific details, forms of financing can be classified into two: a production sector which has involved "equity-financing", and a consumption sector which has involved "debt-financing". The "equity-financing" is associated with "contracts of profit sharing" by various methods, the most popular and commonly used being "al-Mudharabah" (trustee profit sharing) (Bank Islam Malaysia Bhd [BIMB],1994), agency relationship (Khan,1984; Cizakca,1995) and "al-Musharakah" (joint-venture profit-sharing [BIMB,1994], partnership). "Debt-financing" has involved deferred contracts of exchange by methods such as Al-Bai'Bithaman Ajil (Deferred Instalment Sale), Bai al-Murabahain (Deferred Lump-Sum Sale or cost-plus-based), Al-Ijarah (leasing), Bai as-Salam (purchase with deferred delivery), Bai al-Istisna' (Sale on Order), and Qard al-Hasan (Benevolent loans). Various methods are summarised below, drawing on Cizakca (1995), Ahmed (1995), Mirakhor (1995), Muzaffar (1995), Hasanuzzama (1995), etc.

In "mudharabah", a bank finances a commercial venture by an individual or company, on the basis of profit sharing. Any loss resulting from an unsuccessful business is borne by the investor (unless there is malpractice or negligence on the part of the individual or company). There are various types of "mudharabah" contracts, but Muslim scholars have divided views over the application of the "mudharabah" method in a modern economy. Whereas Cizakca and others have claimed the method is the most popular used, Ahmed has argued it has no wide application by Islamic banks because of various conceptual, legal and practical problems.

Under "musharakah", two or more financiers provide finance for a project. Profit is divided in proportion to the capital contributed. The financier(s) assigned to manage the project in the partnership is entitled to more of the profit. There are two arrangements: permanent "musharakah" and diminishing "musharakah". In the diminishing "musharakah", a bank's equity will be reduced progressively, and finally become zero; through repayment from profit of the part of the equity held by the bank. According to Ahmed(1995), this method is suitable for financing commercial building.

"Al-Bai'Bithaman Ajil" is a sale purchase agreement whereby a bank finances the client to acquire an asset (e.g a house), and the client wants to defer the payment, for a specific period, or wants to pay by installments. In the transaction process, the bank sells the asset (a house) to the client at an agreed price (the actual cost of the assets the bank had bought plus a certain profit margin) through "akad" (sale and purchase acceptance). According to BIMB, this method is used for financing housing purchase. Baharum (1990), however has claimed that the profit margin is based on interest rate and therefore does not meet the expectations of Muslim house buyers.

Under "murabahah", the bank buys a commodity at a certain price on behalf of the client. The bank then sells the commodity to the client at an agreed predetermined price (original price plus profit). The client pays the price of the commodity either by installments or in lump-sum at an agreed later date. According to Ahmed (1995), this "murabahah" method is being widely used by Islamic banks in financing various transactions: purchase of real estate, houses, etc. Siddiqi (1995), however, has questioned the predetermined rate of return which he argued needed scrutinising to avoid similarities with interest-based lending to prevent exploitation and ensure justice.

In "Al-Ijarah" the bank purchases real estate or a house and leases it to the client for a mutually agreed period. During the period of the lease, the asset remains in the ownership of the bank. After the expiry of the lease agreement, the ownership of the asset may be passed on to the leasee. Ahmed and Muzaffar (1995) indicated that leasing is emerging as a popular technique of financing among Islamic banks.

"Bai al-Salam" is a sale and purchase agreement between the owner of a commodity and the buyer. The buyer pays immediately for the commodity but the owner defers delivery of the commodity for a period. It is unlikely that this method is suitable for housing financing.

"Qard al-Hasan" (benevolent loans) are interest-free loans (Ahmed;Mirakhor,1995) provided for the needy. The purpose of these is to help people become independent, or raise their incomes and standard of living. Small amounts are usually involved, so housing seems excluded.

Various observations have been made by scholars on these differing methods: Wilson (1990), Baharum (1990), Kuran (1992). The "mudharaba" and "musharakah" seem more appropriate for financing production in housing, while "ijarah", "al-bai bithaman ajil" and "murabahah" are for financing demand. Ahmed, Baharum and Kuran have identified several methods as affordable housing financing: Ahmed, in diminishing "musharakah"; Baharum, in "musharakah mutanaqisah"; and Kuran, in "time-multiple counter-loans".¹⁴⁸ (Appendix 4.2 includes two hypothetical cases illustrating the mechanisms in diminishing or "musharakah mutanaqisah" and time-multiple counter-loans.) Low-income families using savings as equity with a bank for house purchase might increase their affordability and gain more access to loans. The diminishing or "musharakah mutanaqisah" and time-multiple counter-loan might well be productive models. The housebuyer does not only own a house but can apparently recover his or her savings, that may be used later for investment for children's education, or other forms of investment. (The merits of such systems, however, will be influenced by factors such as inflation rates, etc.).

4.3.9. Land administration

This subsection provides accounts of land rules in Islam, (although jurists from Hanafi, Shafie, Maliki and Hanbali schools were in disagreement over interpretations of some principles). Islamic principles are potentially relevant to land policy and to

¹⁴⁸Kuran illustrates the "time-multiple counter loans". A person A wishes to borrow \$ 1000.00 from bank B for three months. To obtain the loan, A agrees to maintain a deposit of \$100.00 with bank B for 30 months. A repays \$1000.00 to B at the end of three months, and B repays \$100.00 to A in 30 months. He comments that this sort of arrangement is closer to interest rather than profit sharing, since both A and B keep 100 percent of the profits generated from the arrangement.

finding alternatives in solving land supply for housing. Islamic principles of land administration were used in Malaysia (before colonisation), until replaced with the Torrens system (see Awang,1987;Buang,1991)¹⁴⁹.

By way of background we can note that contention over land matters touches on the issue of ownership. In a capitalistic system ownership is primarily individualistic (Al-Jammal,1992) and private ownership an institution to be preserved (Naqvi,Beg,Ahmad&Naseer,1992). In socialism, land may belong to the state, or to other collective groups or institutions. Debates on meeting housing need draw on a range of ideas about the roles of collective and individual. Turner (1976), for instance, suggested a concept of "community trusteeship" for land to guarantee access by low-income groups. Burgess (1982), however, contends that "community trusteeship" is a system practised throughout the pre-industrial world but implausible today. (For Burgess, only "nationalisation" of land curbs the highly volatile market.)

From Islamic perspectives, Mun'im (1992) argues, the Muslim system provides its own unique form of ownership of property (land). Absolute ownership belongs to Allah (God), and Allah has given all individuals his own right and also the community its own right, and "man" is only "a trustee" (Al-Jammal,1992; Naqvi,Ahmad&Nazeer,1992). (This may have parallels in European feudalism.) This is neither overwhelmingly individualistic nor collectivistic. The basic right of others over natural capital (gifts of Nature) is highly respected in Islam. Some Muslim scholars have viewed abolition of private property as against "human nature", or have disagreed with limiting the quantity of land owned by individuals (as curbing initiatives and enterprise). On the other hand, Muslim scholars such as Yusuf (1977), or Behdad (1992) have argued in favour of limited ownership, suggesting one could claim a share of natural capital only up to what one can consume or put into profitable

¹⁴⁹The Torrens system used in Australia was introduced by British rule in Malaysia. The system was claimed to be simple and to create certitude using a register of owners.

use, without detriment to the legitimate share of others. This concept of ownership is reconciled with the notion of "trusteeship of man" and his accountability to God.

Questions arise about boundaries between rights of participants - legitimate claims by individuals, collective claims, and those which might conflict with individual claims - and precise rules of Islam for property systems. To some Muslim scholars (see Othman,1991;Awang,1987), these conflicts need not arise as Islamic systems had provided general and specific rules that determined access and ownership of land, on consideration of economic justice and to defuse concentration in too few hands. The regulatory mechanism would not be arbitrary but based on the prescribed rule and practices of the Prophet¹⁵⁰. On this view, although the precision of the prescribed rules is difficult to establish, they do provide bases for the state (imam)¹⁵¹ in formulating land policy and land administration, and in balancing between legitimate claims.

4.3.9.1. Principle of "ihya-al-mawat"

This principle confers rights of ownership on those who put to proper use land "not owned by anyone". Muslim jurists (Abu Yusuf,1992;Sarakhsi,1992) related the proper use of land to settlement, housing, agriculture, etc. Today, the application of this principle is constrained because most land already has ownership claims, and vacant land if available may belong to the state.

¹⁵⁰During the caliphateship Umar Al-Khattab, he made adjustments to some of the practices of the Prophet. These were not violations of the Prophet's traditions, but to suit his time and needs. The principles laid down by the Prophet were adhered to. (see Mannan [1986],pp.97-101).

¹⁵¹Othman (1991) used the term "Imam" based on the views of Muslim jurists- Abu Hanifa, As Shafie, Malik and Ahmad ibn Hambal; which this thesis writer interprets to mean the authority.

4.3.9.2. Principle of "al-iqta'"

This is similar to conventional practices where the state has a right to apportion land to active and capable tenants or apply land reversion (acquisition for production purposes). The state's right is not arbitrary, but bound by a condition that land must be given out to people in need of state assistance (see Awang,1987,p. 63); and the state is "prohibited" from charging any price or fee apart from developmental charges (Yusuf,1971). The argument in favour of this principle rests on the conception that land as a free gift of Nature should rightly be given free to deserving citizens, only subject to administration and development costs. This would imply making land accessible and affordable for the poor.

4.3.9.3. Principle of cessation of ownership

This principle supports the notion that ownership of land is not absolute, is for productive use, and is not for holding for speculation. Under this principle, ownership ceases if after a limit of three years the land is not utilised (Yusuf,1971;Mun'im,1992). The land reverts to the state, or the owner may choose to surrender it to other people to utilise (Mun'im). This principle is to check "misuse" of land such as abandonment, loss of productivity, etc. Mannan (1986) has argued that this ensures making the fullest use of productive capacity, for example for housing construction. Today, this principle seems applicable to control land speculation, putting it beyond the reach of the poor.

4.3.9.4. Principle of limit of size of land holding

This limits the size of land holdings by individuals to their ability to work the land themselves or via employing hired labour (Yusuf,1971)¹⁵². A basis of the principle is

¹⁵²Caliph Umar, in repossessing land belonging to Bilal, stated: "The Messenger of God did not give you land so that you withhold it from the people. He gave you the land so that you can use it, so you must take only what you can utilize, and leave the rest", (cited in Mannan 1986,p.98).

the economic size for effective utilisation¹⁵³. The principle, originally directed at agricultural land in traditional societies, may still apply in modern agriculture such as in plantation estates. The policy of giving large sizes of land to single individuals for commercial agriculture, for example by the (then) British administration in Malaya, (see Mills, 1942) resulted in much of society's land being controlled by a few plantation owners. Land allocation was not necessarily based on principles of efficiency and effectiveness, bearing in mind the labour intensive nature of the plantation industry, but apparently on power and capitalistic motives¹⁵⁴.

4.3.9.5. Waqf (charitable endowment)¹⁵⁵

In the Islamic tradition, waqf functioned as an institution of social and economic significance. McChesney argues that "most scholars consider waqf the single most important institution for the provision of community social services in Islamdom...supporting education; financing public building and facilities; providing welfare for the poor, the indigent, and travelers...waqf has been thoroughly woven into the fabric of daily life" (1991,p.3).

¹⁵³Mannan (1986) proposes that the Quranic Law regarding ownership of land is unequivocally directed at peasant-proprietorship. Land is to be shared by all to the maximum good of human society. He argues against control over land in the hands of a few that exclude the majority of the people as contrary to the spirit of Qur'anic Law. Mannan cited Mualana Abul-Kalam Azad who holds the strong view that man's possession over a large area of land deprives others of their right to sustenance from God's earth; this possession would be considered illegal according to the Qur'anic law. Mannan (based on Ibn Abidin and Umar Al-Khattab) suggests that the Islamic state is entitled to take action against the owner of big tracts of land if he finds it difficult to exploit their productive use; action such as levying taxes on land, putting another man in charge for its productive use, or repossession. See Mannan, 1986, pp.77-80.

¹⁵⁴In the thesis field interviews, respondents suggested government should not renew lease contracts of plantation estates, but repossess after expiry and convert them to waqf land [see ER1], subdividing for small holdings and housing settlements. [see ER18].

¹⁵⁵Waqf's definition relates to the voluntary relinquishment or transfer of property by its owner to some charitable end as a charitable gift (sadaqah) (McChesney 1991; Mannan 1986), and to the service of God (Hughes 1953). The institution of waqf is a key embodiment of the spirit of co-operation and mutual help for social amelioration on the part of the God-fearing rich (Yusuf, 1971).

McChesney's work on the Alid Shrine at Balkh illustrated the significance of waqf to the socio-economic development of Muslim society in the area. The findings were that management of the waqf endowment transformed the shrine from village holy site to urban conglomeration; the instrument established to administer the waqf endowment made it a formidable economic force; and the tax privilege it acquired provided its managers with relative security. Waqf endowment provided a substantial supply of land that enabled planning and development of the township. The experience of Alid Shrine according to McChesney is paralleled by studies on other waqf administration such as waqf-held commercial property in Sefrou, Morocco and Yazd, in Iran. In both areas waqf-owned property was and still is less driven by market forces than private property. In Sefrou, the waqf administrator (mutawalli) kept rent on commercial properties at a very low level, effectively eliminating rent as a cost of doing business. In Yazd, rents on waqf properties tended to lag behind the market (McChesney, 1991).

The waqf concept has been significant in Muslim societies as a policy instrument to solve problems of "shortage" of supply of land for housing, and to voluntarily adhere to principles of charity (sadaqah) as commitment to faith in God. The flexibility in waqf contributions and aims is another inducement¹⁵⁶.

Possibilities have been raised about the revitalisation of the institution of waqf, as one model for land supply for public purpose. The state's historical role in waqf, according to McChesney is as an acknowledged party to the legal operation of waqf, and some rulers established bureaucratic agencies to supervise. The state also retained a fiscal interest by recognising waqf property as by nature tax-exempt. (This has

¹⁵⁶There are two distinct types of waqf: (a) The "public waqf" (waqf khayri) which is typically for the purpose of public benefits in the form of a public institution such as a mosque, hostel, school, hospital, cemetery, etc. (According to McChesney, public waqf tended to be extensive and he argued this made them more resistant to political and economic pressure.) (b) The second type is family waqf (waqf ahli or waqf dhurri) established by a founder to aid kin or descendants. The family waqf may develop into mixed waqf (mushtarak waqf) to benefit family members and a public institution.

parallels in Western societies where charities and trusts receive tax concessions). Equally important, state action can also enrich waqf resources by allocating state land¹⁵⁷ as waqf property. Questions arise over accountability, survival and growth in a "market" environment, opportunity costs (tax loss, loss of profits, etc.), and development funding sources. On the issue of accountability, Mannan (1986)¹⁵⁸ has suggested the waqf be run by "Baitul-Maal" but with conditions attached. Another suggestion is to classify waqf property as "maslahah" (public good)¹⁵⁹ for public purpose in order to perform varied functions for the benefit of society. Some potential for waqf land to compete and survive in a market is evidenced by McChesney's work, with the idea of diversifying the use of waqf land in strategic locations. Tax concessions for waqf land are compensated for to some extent by low rent, increased affordability of the poor for housing, and small business benefits.

4.4. Conclusion

The Madinah model is the manifestation of the Muslim system, a welfare state which sought to integrate spiritual needs and obligations with physical desires and social and economic activities. The society was instituted as a closely knit community; the ummah. The model included detailed city planning, housing, economics, finance, and land administration. The model is a utopia for present Muslim societies, but an

¹⁵⁷Two informants in the thesis field interviews noted this. By the state converting state land into waqf property, it can overcome the problem of smaller numbers of Muslims coming forward to waqf their land. The issue of Muslims in Malaysia becoming less attracted to waqf was raised in a seminar at the Islamic Centre in Kuala Lumpur, October, 1989. The seminar was informed that the present waqf land stock was donated by Muslims of the past generation.

¹⁵⁸The waqf institution by nature is a trustee. Its functions may be subject to different interpretations of forms of management. Mannan suggests waqf property should run as Bait ul-Maal but waqf revenue should not be mixed with the general revenue of the state and revenue should be spent similarly to zakat revenue (1986,p.253).

¹⁵⁹McChesney for instance cited the principle outlined by al-Tarabulusi in regard to the power of the "mutawalli", "He [the mutawalli] is permitted no discretionary action, except when the well-being [maslahah] of the waqf is involved". This means the maslahah could overrule all other considerations (1991,p.12). Some Muslim scholars have different interpretations of the use of waqf land attached to the types of waqf deeds. For specific waqf, the mutawalli is bound by its original purpose and it can not be changed to other uses.

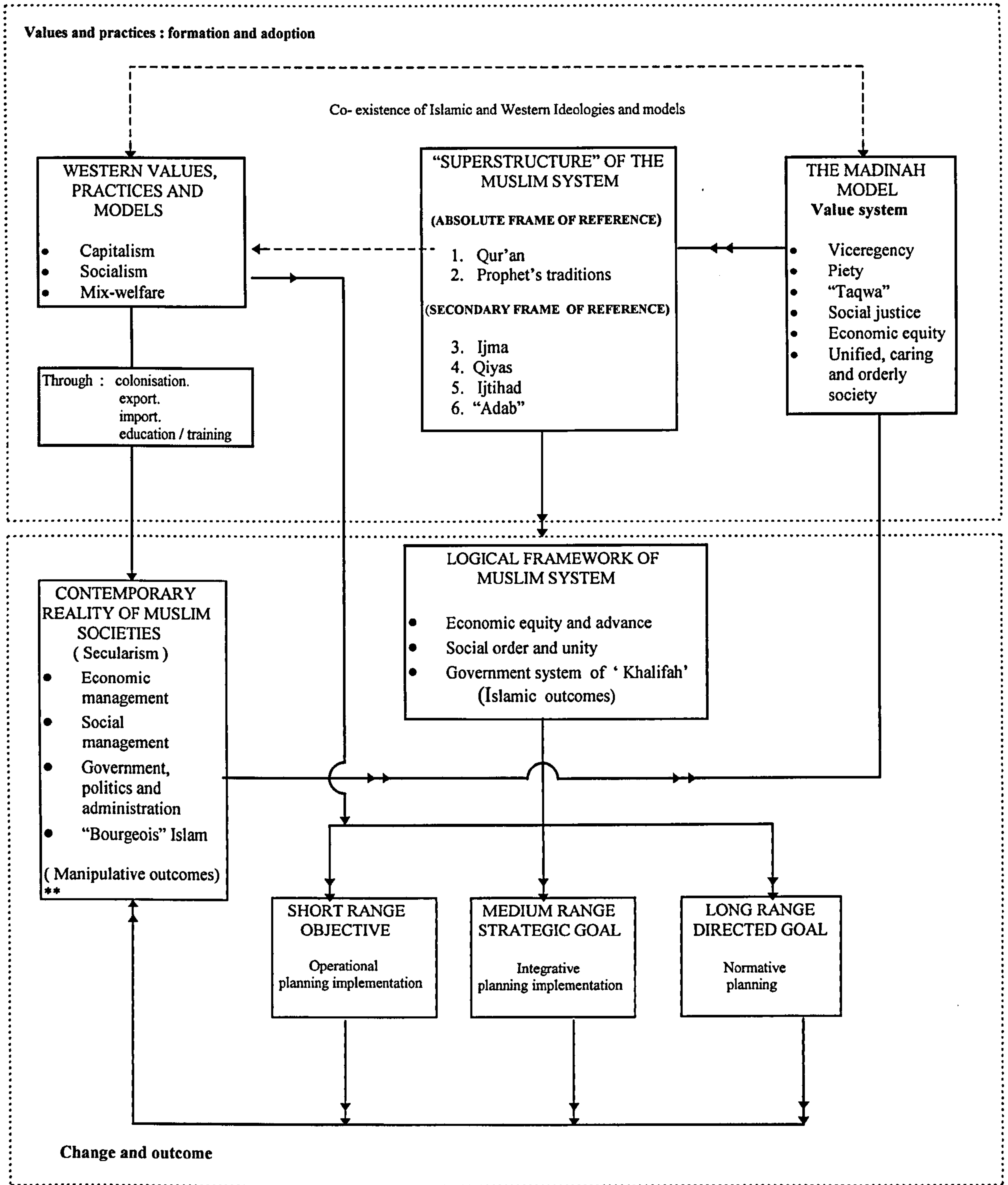
alternative for Islam's supporters to western models. Elements of Islamic practice are found in present law and policy¹⁶⁰. There are interesting questions about the fusion or co-existence of some Islamic, capitalistic and socialistic ideas, especially in the housing context. There are some assumptions or aspects of thinking which were particular to their historical period (such as on gender), but Islam is not a static point of reference. (Figure 4.1 summarises an interactive Muslim system.)

In housing, the Madinah model illustrated several key ideas. On the production side, there were experiences of state involvement in providing public housing in "new" cities. Design principles took account of privacy of family members, the principle of segregating women/men, and decent housing quality. The model introduced design codes relevant to contemporary Muslim societies, covering such matters as height of windows, design of neighbourhoods etc.

A specific concern of this thesis is to explore how far Islamic ideas have been acknowledged or accommodated within housing outlooks in present-day Malaysia. Some footnotes in this chapter have already indicated links to Chapter 5, which now turns to the perspectives of a group of "influentials".

¹⁶⁰Buang's (1991) evaluation of the Malaysian National Land Code (NLC) suggested the NLC contained some features of Islamic principles and practices, and some contrasts. He cited state award of land on a permanent basis (iqta'tamlik), state lease (iqta'istighlal) and temporary occupation (iqta' irfaq); and the rule which empowered the state to alienate land to a person who is qualified. The contrasts included the concept of state land in the NLC which had wider meaning and bigger state power than in Islamic land laws. In Islamic laws, there have been land categories which the state can not alienate to any one, but remain permanently state owned or held on trustee land (al-hima), for the benefit of the public.

FIGURE 4.1 : An interactive Muslim system



KEYS :

- > Direct relationship in an Islamic system
- > Direct relationship in a secular system
- - - - -> Indirect relationship

**

Contemporary reality is influenced by a range of variables, of which this diagram only show Western values and Islamic values

CHAPTER FIVE

PERCEPTIONS OF HOUSING ISSUES AND OF RELEVANCE OF ISLAMIC VALUES AMONGST "INFLUENTIALS"

5.1. Introduction

The objectives of the "survey" reported below were to study experiences and perceptions of "official" or other key informants in respect of housing issues, with a focus on low-cost housing. The idea was to learn "about what is important in the minds of informants" (Taylor and Bogdan, 1984, p.88); and how they viewed housing policies and problems in relation to distributional issues, land, finance, gatekeepers, life styles and design. Issues were then linked with Islamic values: their understandings and views on the relevance of Islam for housing policy.

Methodology primarily relied on in-depth interviews, involving "descriptive questioning" (Taylor and Bogdan, 1984). Discussions were tape recorded and transcripts of interviews were written up as the main data source. The analysis relied both on these primary data and any secondary sources (documents) obtained during interviews and allied research. Presentation below is divided as follows: (5.2) methodology; (5.3) summary of responses arranged by key issues, and (5.4) a brief conclusion.

5.2. Methodology

Interviews were in Kuala Lumpur and its region, and Terengganu, about 320 miles away. As Kuala Lumpur is the centre of Federal government, the informants here were key players and stakeholders in policy making (although not party politicians). In Terengganu, the location of the Chapter 6 case study work, state officials as key informants were expected to provide information from an implementor's point of view

about policy, problems and practices at state level. The 21 individuals contacted in key organisations in Kuala Lumpur and Petaling Jaya and Penang (June - July 1995) were from government and quasi-government institutions, departments, private organisations, NGOs (including a Consumer Association contacted only by post) and a National Mosque organisation. All were involved directly or indirectly in housing. The informants selected were generally officials of institutions, especially heads or deputies. The original plan was to interview 20 informants, selection being based on their roles in the housing policy process, their expected capacity to comment on aspects of Islamic ideas, and their importance as "figures" within the institutions (as suggested by colleagues in the relevant "site office" and other preliminary informants). In the event 18 were interviewed.

In Terengganu (July - August 1995), 11 key informants were contacted, but only seven were interviewed (four being unavailable on the dates fixed).

The time allocated for Malaysian survey work under this writer's sponsorship agreement was three months. Fieldwork began on the 12th June and ended on the 28th August 1995. This included "pilot" interviews to test questions, fixing appointments with informants, and return visits in some cases. Time spent with informants varied. For those in Kuala Lumpur each interview took about two hours. With informants at state level, in general, it took from 45 minutes to one hour.

Interviewing was based on fairly open ended questions: twelve of which were key "compulsory" ones, and four optional. Most questions began with general ideas followed by probes. Questions covered three major areas: (a) housing policy, objectives, achievements and distributional issues, (b) life-style, design and alternative housing, and (c) Islamic values and housing (including land policy and administration). Questioning did not necessarily follow these categories in sequence. Before interviews started, informants were told of the objectives, subject matter and issues to be discussed and advised that some questions were sensitive and some "touched on

fundamental matters of beliefs". When requested, a schedule of question was provided for reference during interviews. Permission was sought to tape record the interviews.

Of the 25 informants, 14 chose to answer only key questions and only 2 answered all the key and additional questions. In two interviews, there were two informants. Eleven informants were selective about the questions they chose to answer, picking only questions that were relevant to their official duty and professions. In some cases, selection of questions was inevitable where informants limited interview time. Three informants did not want a structured interview, but instead wanted free discussions based on issues in the schedule. Informants in Kuala Lumpur were more forthcoming on their experiences, evaluations and ideas (in particular an aspects of Islam). Those in Terengganu stayed closer to questions that related to their official duty. (For transcripts see Appendix 5.1).

The researcher was well received. Being a bureaucrat, he was no stranger to fellow bureaucrats, and was able to use the good offices of the Economic Planning Unit (EPU), with a research base there during field work. The Director General of the EPU allowed the researcher to set up office in the Unit and to use all facilities. This helped him gain cooperation from public and private sector informants. However, the researcher tried to ensure that his position did not in any way influence the interviews, or "threaten" discussions. Informants appeared to express their views freely. As questions did not focus directly on political allegiances, and appeared to cover much relatively "technical" ground, it was hoped interviewees would feel unrestrained by their employment situations. All were assured of confidentiality. The State Secretary of Terengganu also gave approval, which seemed to facilitate interviews with state officials. (The approval letter was copied to relevant state agencies in advance of the study.)

The intention throughout the survey was to obtain views in the interviewees' own terms as far as possible. This means that presentation below uses ideas of informants

very much as they were given. For instance, one quotation refers to the idea that a man should have a "well-mannered wife". Such a statement might be viewed with scepticism from some perspectives, but our purpose was to record rather than challenge views.

The survey included only three women informants - because few women hold comparable positions as yet in Malaysian housing - so that gender-related issues might have been interpreted with male biases. The seven informants from the State administration (Terengganu) included people who knew the case study area. Informants could be further categorised by professions, mainly into "bureaucrat" (16 informants); and "non-bureaucrat" (nine informants), based on functions. Governmental informants at central and state levels were either directly or indirectly involved in policy making, and informants at state level were also involved in implementation. This was also true for informants from private sector housing providers; a national association of housing developers, and an actual developer in the case study area. It was thought that the functional division - bureaucrats and non-bureaucrats - might be significant, especially if officials had restricted views about public policy. A systematic attempt to "verify" impressions from meetings was made using correspondence. The responses were mixed and some adjustments were made in the records as a result.

5.2.1. Constraints

Difficulties with interviewees included postponement of appointments, and two informants who excused themselves from interviews as questions on policy matters were beyond them. Given postponements, etc., the time period for field surveys was inadequate. This restricted the researcher's contacts with more informants suggested by previous ones or identified during the survey. Time management became critical, with informants spread over different areas and great distances apart. Rescheduling of interviews in Kuala Lumpur affected interviews elsewhere, so that meetings with

several informants in the state administration had to be abandoned. Time was also needed for the survey with households, implemented simultaneously in the case study area in Chukai.

5.3. Summary of responses from interviews

Material below is arranged in terms of key areas, as follows: (1) housing policy and distributional issues, covering issues relevant to current concerns in respect of policy objectives, achievement, distribution to the poor, selection of house buyers, etc.; (2) life-style, design and alternative housing, dealing with preferences, alternatives to conventionally built housing, family values, etc.; (3) Islamic values and housing, covering issues such as design, finance, and land administration.

5.3.1. Housing policy and distributional issues

Respondents indicated that housing opportunities for low-income families were affected by government policies, procedures and practices. Most informants were critical in their evaluations of policies. Responses suggested interest in specific issues such as roles of public and private sectors in low-income housing, roles of politics in the consumption side of social housing, privatisation, and so forth.

5.3.1.1. Policy fundamentals, achievements and perspectives

The central theme from policy issues discussed by informants - both bureaucrats and non-bureaucrats - focused on "affordability" and "basic need" of low-income families. Affordability seemed a key factor raised either directly or indirectly in the interviews. Affordability determined accessibility, opportunities and control of wealth in low-income housing. All these issues surfaced in the interviews. (see Appendix 5.1 for examples of comments - ER1, ER2, and ER8). Affordability was also discussed in relation to need and its fulfilment. There was a view that basic need should not be

compromised in setting a housing standard. The interpretation of basic need varied, and some respondents commented on the ideas of need implicit in an Islamic view. Illustrative views (see also Appendix 5.1) included:

"The benchmark is a squatter house. They are of a fairly high standard, which means the standards for low-cost housing need to be fairly high too".(ER5);

"Housing need in Islam relates strongly to two basic concepts, `dharurah` (a very basic need that must be fulfilled) and `khariah` (need or provision according to affordability, for example a big house of four or five bed rooms). The Muslim system outlines four general principles of wellbeing of man: (i) good neighbours, (ii) a decent house, (iii) a well-behaved and well-mannered wife, and (iv) having an appropriate means of transportation. These principles and concepts should influence the form of housing policy...and design of different housing types:low-cost, medium-cost and high cost".(ER2);

"Islam views housing as a basic necessity...housing provision if possible should be given free or at the lowest price".(ER3);

"Islam views housing as a basic need. It is unbecoming in a nation and society ...people can afford a palace, a bungalow and yet there are families who could not afford shelters".(ER14);

Interviewees' criticisms of housing policy perhaps stemmed partly from unclear relationships between fulfilling "basic need" and the "means to deliver" housing to target groups. Views about key issues - affordability, accessibility and equality of opportunities - suggested problems of clarity of policy in respect of objectives, implementation and economic cycles (seen from the supply side), and ethnic, social and economic conditions, and "political" interferences with distribution (seen from the receiving side) in social housing. There was some diversity of views, and also some belief in a market choice approach such as a "build then sell" concept, allowing for

house buyers' preferences. Examples of comments (below) show the variety of issues (more are in Appendix 5.1).

"...the in clarity and conflicting objectives between fulfilling peoples' need and a market commodity. The consequential effect is a conflict in the distribution process".(ER1);

"...at a particular time the policy is to promote home ownership but the strategy is not directed towards achieving the objective".(ER8);

"...implementation and enforcement often [are] not commensurate with the original intention. As such that the 30% low-cost units could be bought by non low-income people or resold to non low-income people".(ER5);

"Housing policy and strategies by the government [are] commendable. The problem...They do not achieve the numbers".(ER9);

"Housing policy has been adequately formulated. The issue...is an implementation problem...There is no common strategy to overcome the problems, but there needs to be a balanced strategy".(ER2);

"They (private developers) are not concerned with the target group and sell low-cost units to whoever wants or can afford to buy..." (ER7);

"The policy and programmes have been successful to deliver houses..."(ER10);

"In general housing provision especially low-cost housing is not satisfactorily met...The government itself recognised that supply is inadequate despite the plan to build 80,000 units per year in the 80s."(ER12);

"Housing policy in respect of low-cost housing does not and will not achieve its objectives. It is being influenced and subjected to many negative factors".(ER22);

"For this reason housing policy was a failure and for failing to give consideration to a very significant factor-the purchasing power of Bumiputras." (ER11);

"...[a method] to ensure house buyers pay [for what is] worth their money for a house is to introduce built first and pay later concept. Prospective house buyers can choose from a variety of finished houses in the market."(ER2);

5.3.1.2. Roles of private sector and privatisation

Several informants (eight) were critical of the private sector's role in social housing, and attributed failure to reasons relating to market and profit objectives, and to being less sensitive to social responsibility. Their views included:

"The private sector...has [a] corporate objective to achieve, that is profit as its ultimate objective. They are not or less concerned with social responsibility to fulfil the need..."(ER3);

"In the private sector, they are less interested in building low-cost housing because profit margin is small".(ER7);

Privatisation was quoted as an example of infiltration of corporate values and practices into public sector low-income housing. Informants who had experiences in implementation of privatised housing projects in Terengganu claimed privatisation changed the orientation of social housing, limited its role, and assimilated social housing into the private market. They pointed to the effects on low-income families such as limited availability of low-cost houses, due to reduction in numbers produced, and a stringent income requirement by the mortgage financiers. For example, under the deregulation, the income requirement apparently rose from RM\$750 (a national income eligibility guideline) to RM\$2,500 (experience in a privatised PAKR project in the case study area), leading to a crisis of affordability. Views included:

"If something is not economically beneficial, it is not useful. Or something which is not profitable, it is useless...These are the values - business ideology that penetrated our decision making..."(ER23);

"The privatisation experience for a low-cost housing project on a 23 acre site...shows a change of policy by the state government. In terms of sale, the new policy allows flexibility for the joint-venture company to sell the PAKR units to high income families. Whereas these families can afford to buy medium-cost houses...The present policy clearly pushes away the low-income families from the PAKR market. The experience...privatisation of PAKR, a new funding and production option, does not help to better the achievement in distribution of low-cost housing."(ER25);

Nonetheless an optimistic view of privatisation was expressed by an informant as follows:

"The new policy direction with emphasis on private sector led economy - 'taxation for redistribution' is a strategy that will encourage private sector to make as much profit as possible. The corporate taxation will redistribute the income."(ER6);

Some made suggestions for improvement in delivery of social housing, through greater involvement by government, or "business" partnership between states governments and the private sector. For instance:

"Improvement of low-cost housing delivery requires a sharing of social responsibility between the government and private developers. No single party should work in isolation and neither by way of imposing quota, price ceiling [such] as what the government is doing at present...The present system...requires states governments to be involved such as having more joint-ventures between states governments and private developers."(ER4);

One informant criticised low-income families for expecting high quality low-cost housing:

"If [a person] pays the price of sugar, do not expect to get honey."(ER2);

5.3.1.3. Subsidy and social housing

A criticism of social housing concerned its price-control and subsidy elements. Seven informants disapproved of subsidy for reasons such as a negative impact on allocation, conflicting use of national resources, contribution to high prices of other types of houses and an expensive financial burden for middle- and high-income families to pay in cross-subsidy. For example:

"High prices of houses in the market are partly attributed to a price control by the government in the low-income housing sector. The fixed price imposed on low-cost housing which is not parallel to the actual net cost thus forced developers to cross-subsidise from medium-cost and high-cost houses...a question whether middle-income and high-income house buyers need to pay for the subsidy".(ER2);

"...providing housing through subsidy is not the answer...The economy can not go on subsidising, because it will drain the resources dry. The better approach is to provide employment and to increase the peoples' incomes". (ER6);

On the other hand experiences of builders/developers apparently supported subsidy as necessary in low-income housing, while help seemed crucial to pay for rising construction costs:

"Unless government subsidise some of the costs...provide land at cheap price...pay for infrastructure costs, developers will not be keen on low-cost housing".(ER20);

"Private developers are less interested in building low-cost housing due to small profit margin. States do not help them either, such as subsidy".(ER13);

Some of the mechanisms of support were described in detail (see for example informant ER13 in Appendix 5.1).

5.3.1.4. Filtering

"Filtering" was observed as a strategy for meeting urban housing need. In informal housing it had apparently been a popular practice among squatter families, whereas in formal housing it seemed a deliberate policy strategy in the rental sector. Examples of views illustrate the practice:

"By choice nobody would want to live in squatter areas. They choose to because of their incomes...The moment they are better-off, they will move out...For example in Kuala Lumpur, squatter population remaining stagnant in numbers indicates that the better-off among them moved up to better housing and new comers take up their places".(ER6);

"Under the Trust Fund...low-cost housing under this scheme is for rental and a maximum rental period is 5 years...After 5 years, tenants are expected to be economically and financially better-off...move out from rental units to give opportunity for other poor families." (ER13);

5.3.1.5. Targeting and distribution

Targeting for low-income housing was variedly interpreted by informants. Variations of interpretations of income eligibility reflected uncertainties about target groups and distributional objectives. For example, the definition of low-income housing was described by some informants in terms of a qualifying monthly income, "for a household, of RM\$750.00" (ER5), while others interpreted it as having changed "from RM\$175.00 to RM\$275.00, and to RM\$300.00 per month" (ER6), or as "RM\$500.00 and less..."(ER8), "RM\$600.00" (ER9), or "RM\$200.00-RM\$500.00 " (ER10). At state level, interpretations again differed: "less than RM\$800.00." per

month (ER16), "RM\$500.00 per month and below" (ER17), "not more than RM\$700.00" (ER20).

To some informants, a key problem was about access by low-income target groups. This related to limited supply of low-cost houses, but also to competition with higher income families:

"Low-cost and low-medium cost houses are the most in demand. Because of the high prices of houses, even medium income people are competing with the low-income people for low-cost and low-medium cost houses".(ER5);

"The problem is the inadequate supply of low-cost housing due to competition from middle-income buyers who overcrowded the low-cost housing market because developers are not building enough of medium-cost houses".(ER6);

Issues of affordable housing and access were related to a wider social context including the division between "Bumiputra" and "non-Bumiputra". Some commented on the housing quota policy and the position of Bumiputra households:

"For the majority of people, it is difficult to find suitable houses within their means, more so the Bumiputra who are even worse affected. Houses allocated for Bumiputras in the private sector market, as a result were taken up by others who could afford..."(ER1);

"It does not mean that the policy discriminates against non-Bumiputra. There are low-income non-Bumiputra and they are eligible for low-cost houses. But, a great majority of them could afford more expensive houses because they have greater purchasing power and thus greater choices, either to buy low-cost or high-cost houses. The situation is different for Bumiputra who actually could only afford low-cost houses".(ER11);

"In Kemaman...a great majority of Bumiputra...do not own houses." (ER15);

Some informants were critical of the quota policy and commented on the seriousness of government in pursuing it in private sector housing, in a situation where the affordability of most Bumiputra was still weak. Thus:

"The question that arises therefore is whether the 30% quota was taken up by the Bumiputras or is it a mere allocative policy. When Bumiputras could not afford to buy, the houses allocated to them are sold to non-Bumiputras".(ER11)¹⁶¹;

"...had to break its regulation on the 30% Bumiputra quota and opened it to the market to avoid...holding cost...to provide more opportunities to non-Bumiputras to acquire low-cost houses".(ER15);

"There needs [to be] a proper administration of the quota to ensure Bumiputra really benefited from it".(ER15);

In the public sector, quota policies seemed less obviously vulnerable to misuse:

"In terms of distribution by ethnic groups, the allocation and selection is regulated by a quota system. The percentage or ratio between Bumiputra and non-Bumiputra has been decided by the State Executive Council of the State Legislative Assembly".(ER20);

"In all PAKR projects in Kemaman, the dwellers are mostly Muslims. Non-Muslims are not left behind. There is a quota allocated for them. The ratio is 10% for any low-cost project by the state".(ER16);

At national level, the policy on quotas seemed to have remained strongly observed by public agencies. The experience of the TPPT Sdn. Bhd., while less obviously about a quota per se, pointed to a strategy to retain social and ethnic balance

¹⁶¹The condition imposed by Penang State Government allowed a period of 6 months. After this housing was open for sale to other ethnic groups. (See Zulkifli Hj Kamaruzzaman, 1993).

in urban areas. (see for instance ER13 in Appendix 5.1). The issue of a quota was linked by some informants to control of land and ownership (see for instance ER15 in Appendix 5.1).

5.3.2. Access and allocation practices

5.3.2.1. Roles of politicians and bureaucrats

A weakness in the public sector, for some informants, was a problem of capability, due to bureaucratic processes in government:

"For the public sector, it is more concerned with distributional objectives. However, it faces problems of bureaucratic process due to the three-tier system of governments: the Federal Government, State Governments and Local Government, that delays implementation of housing projects".(ER3) (see also ER7)

Allocation practices were perceived to have important implications for access and opportunities in low-income housing. In both public and private sectors, agencies exercised discretions in selection of house buyers. Informants felt that formal allocation priorities were selectively implemented: criteria and guidelines were superficially observed, and external political factors were taken into consideration. Politicians seemed to play decisive roles in low-income housing. These perceptions did not support the idea (associated with Pahl) ascribing power to paid "managers" of the urban system (see for instance, Knox, 1982). It should be borne in mind that our informants were people well placed to observe housing practices. There were many examples of comments citing political factors, "malpractices", departures from proper selection criteria, etc. For instance,

"States...do not closely follow selection criteria...developers can sell low-cost houses to anybody..."(ER9);

"Politics is a forceful external element that influences selection process in low-cost housing".(ER22);

"...politicians have their own list".(ER19);

"Ownership of PAKR, a large proportion...are people who own big cars, some families owned more than two cars. The ratio of the poor families to well to do families is 50:50".(ER16);

"The main criteria for selection...set by the Committee for Selection of Application of State Low-cost Housing are (i) citizen of the state or resident in the state for 10 years, (ii) a monthly income of less than RM\$800.00, and (iii) married...However the distribution is highly politicised and is not based on the real need of the people. From an administrator's point of view, this is what really happens at present. The selection committee goes deep during the vetting process to determine and ensure that government supporters are given low-cost houses. The applications from opposition supporters or following a different political ideology were rejected outright".(ER16);

"...affiliation to a political party seems influential in the selection process. The chance is higher where a member of the State Legislative Assembly is a board member of a selection committee. It is very likely he gives political criteria as important in selection, for his political survival in his constituency. To him selecting people from the opposition party will threaten his political survival. However, there were families selected for PAKR from non-partisan, ordinary supporters and from members of opposition parties. The vision of the Chief Minister and the state government is to help low-income families who do not yet own a house".(ER15)¹⁶².

"...undercounter transactions and no strict control on checking the target group, low-cost houses do not reach the low-income [households]".(ER6);

¹⁶²In Selangor, for reasons of political pressure in low-cost housing, the State Government divided the quota into 50% allocated by politicians (elected representative of a constituency) and 50% by a "normal" channel (computerised list). (See Mohd Karim Hj. Abdullah Omar, 1993).

Specific instances were cited where outcomes had been distorted, and did not benefit low-income target groups. Despite the strength of opinion on this, however, there were a few mentions of efforts to be more open. For instance:

"Some states...adopt a very thorough distribution/selection method such as display of applicants photographs for public scrutiny and public objections...it helps check undeserved applicants".(ER10);

Subsequent comments described processes, and the roles of administrators, one perception being that these were less subject to distortion:

"In the PAKR, District Officer handles the selection of house buyers. The selection in most cases met the target group. The element of control is there..." (ER7)

Some accounts indicated a mixture of political and bureaucratic elements in the decision process. An interesting feature mentioned again here (ER19) was the display of photographs of successful applicants. It was uncertain, however, whether administrators' neutrality was always observed (ER13).

Some informants - while acknowledging "leakages" and malpractices - minimised the scale of such issues:

"In general, distribution of low-cost houses met its objectives. The majority of PAKR dwellers are from low-income families of RM\$500.00 and under who qualified for low-cost housing. There were cases where families who are not qualified were given low-cost houses, but the numbers were small. They were overlooked at the selection stage because they provided false information about their incomes. The state on its part did not do detailed investigation of applicants. Therefore, there are people who owned expensive cars, or who owned more than two cars that owned low-cost houses."(ER15);

or;

"There were cases of leakage in the selection process where unqualified families were offered low-cost houses, but the number is a minority". (ER20);

5.3.2.2. Speculation and wealth

Responses suggested that speculative possibilities should not be underestimated. People apparently made money out of low-cost housing. Even low-income families might resell houses:

"...practices by low-income applicants [who] resell their property in the secondary market at 100% profit- purchase price of RM\$25,000.00 and resell at RM\$40,000.00 to RM\$60,000.00".(ER4);

"Some people take advantage of the PAKR as a means to own more houses for rent and as a source of income. A rental charge is between RM\$150.00 to RM\$200.00 per month, whereas they only pay installments for PAKR less than RM\$100.00. They get profit of more than RM\$100.00 out of nothing".(ER16);

Speculation in the private sector was apparently the outcome of government's lack of control over sale of low-cost houses, and private sector strategies (to compensate for cost of cross-subsidy for low-cost units, and to relieve the holding cost of keeping units, by allowing other income groups to buy). Respondents noted the impact of the private sector itself doing "the selection" of households.(ER7). One commented that "in Selangor developers can sell low-cost houses to anybody, there is no income restriction",...despite conditions which required developers to build 30% low-cost units in a mixed development housing project.(ER9).

Similar issues were apparent in accounts given of public sector low-cost housing:

"There were cases reported where a family owns more than five houses".(ER22);

"a friend has acquired five units of low-cost houses and sold them at big profits"(ER12);

Although some informants seemed to view housing wealth itself as a peripheral issue, three responded directly on this in interviews, perhaps reinforcing the sense of disapproval of housing as a means of private gain. One felt that housing should be considered as a form of wealth only if basic need had been met and it was "not the ultimate in housing"(ER14).

5.3.3. Life-styles, design and alternative housing

One objective here was to explore "officials" perceptions about roles of western life-styles and the impacts on "affordable" housing. A possibility was that western life-styles had contributed to a rise in housing costs. Where appropriate, comparisons could be considered with life-styles using Malay traditional housing (including self-build housing). Discussion might indicate whether traditional housing concepts were thought to provide practical alternatives.

In the schedule of questions¹⁶³, a wide range of elements were enquired about in order to understand how informants perceived matters of life-style, bearing in mind that each of them would have negotiated their own life in a particular way, and might have varying first-hand knowledge of Muslim culture in the context of their positions in the policy hierarchy, their economic status, and social and religious commitments. Particular issues considered were family size, family structure and extended family

¹⁶³The questions on traditional Malay houses and self-build housing were treated as "optional" questions. It was anticipated that they would be discussed under cultural diversity, appearance, aesthetics, social and economic change and extended family system. The questions were asked where informants were willing to spend time on the whole schedule, or selectively according to informants' interests.

system, religious norms and values, cultural diversity and socio-economic change. In the context of affordable housing, the issue of life-styles was important. It was of interest to know whether informants felt policy should look back at traditions, and religious (Islamic) norms, to find compromises relevant to housing policy. In a climate influenced by Islamisation, this was an important research question.

5.3.3.1. Life-styles and affordability

Western life-styles were seen as synonymous to westernisation and a modern way of life. The role of Malaysian architects, mostly trained in the west, was also seen as a factor. Several informants characterised Malaysian housing as "customised market housing": in a search for Malaysian housing "identity", western design tried to adapt and integrate traditional values in a customised design. On western life-style and housing cost, five informants argued that there was no simple relationship. Increases in costs depended on several other factors. Eleven informants, however, confirmed the relationship, and linked it to customised design and architecture, attitudes of housing developers and market behaviour.

Some informants associated Westernised life-styles with mobility of better off households into high status areas of new, expensive individualised housing. This was not seen as just a matter of design contrasted with Islamic responsibility, community and tradition, but in terms of "growth", "markets", etc. For some informants the issue of western life-style among the poor was seen as more peripheral. Some views suggested relationships between western life-styles, housing choice, affordability and social class. For instance:

"...only those who are wealthy and those who are exposed to western values are in a position to afford western life-styles. Such values are within their means. For...average income Malaysians, they could not afford it and thus have very little choice in the styles of housing. They are more concerned with getting a house that they can afford...It is the housing costs that dictate the life-styles...Average income Malaysians have little choice

and housing options available to them. If they can afford only link houses, then they live a life-style different from those who live in bungalow houses".(ER4);

One belief was that preference for life-styles changed with social and economic achievement. The question arose here as to whether the preferred (often luxury) life-styles were suitable to Malaysian culture. Some informants also took seriously the allied issue of spatial segregation¹⁶⁴. Observations included:

"Condominium life-style is not suitable to Malaysian culture. No doubt that life-style and preferences change with social and economic achievement and impact of westernisation, what is important to look for is a kind of modest life-style and a modest home".(ER1).

"The experience of living in Subang Jaya, one of the better housing areas...is not a happy experience...It shows a manifestation of greed. The decision made by authorities was to please the developer [rather] than the customers...The concept of garden was scrapped. Open spaces are for construction of condominium houses".(ER23);

"...example of a preference for luxury and its relationship to housing price and business exploitation is represented by a new emerging life-style, housing in recreational areas such as golf-courses and parks...such as in Kajang...To people who afford luxury, such life-style offers an alternative for them to enjoy `peace of mind` and a relaxed environment from work place in the city...".(ER14).

¹⁶⁴Segregation by class in Malaysia is not a recent development. It can be traced from colonial times. For example, segregation of government quarters for civil servants in Kuala Lumpur is an illustration. For civil servants in the managerial group, bungalow houses were located at "Bukit Persekutuan" (Federal Hill) and quarters for the clerical and labourer group in the form of flat houses and "semi-detached" located in Jalan Cochrane. In recent years, segregation became widespread in housing areas developed by the private sector. These developments could be associated with economic achievements and modernisation where there are more affluent Malaysians, more exposure to westernisation, etc. "Housing class" characterised by locations and western practices is apparent in Klang Valley as illustrated by several informants (cf Chapter 3 and pictures in appendices). This is in addition to "established" housing areas like Damansara and Taman Tun Dr. Ismail which were also quoted by informants.

It is difficult to ascertain geographical patterns of segregation by ethnicity. Colonial employment policy brought migrant workers from China and India to mining, and plantation agriculture, respectively, located and concentrated in the West Coast. Ethnic segregation in Malaysia today is partly a colonial legacy.

"Developers give more importance to cosmetic, modelled on western ideas and styles...bungalow, semi-detached or even link houses are given Spanish or Italian names and look".(ER4);

"The trend for wastage is obvious where Malaysians even build a house which cost RM\$4.0 million. Housing developers have already reserved a 500 acre site to build such houses for this elite group".(ER7);

There were some contrasting comments about experiences of squatter families and the poor in urban areas, indicating the life-styles that informants felt such residents experienced or preferred:

"...live in squatter areas...because of their incomes. The feeling of stigma is a conflict as...squatter youngsters are ashamed to tell people that they live in squatter areas".(ER6);

"...the low-income families in urban areas...probably they prefer similar life-styles like they used to enjoy in villages. But [the] urban environment does not permit them to reinstate the village life-style".(ER12);

"In squatter housing, house furniture is [of] equal standards with families in [a] housing estate. The life-style of their neighbourhood inspired them to compete and to adapt to [it]. This is one of the reasons some squatter families do not prefer to live in low-cost housing. They feel deprived of the comfort they used to enjoy in squatter housing".(ER12);

As with the housing of the prosperous, however, there could be an influence of western architecture on affordable housing: on appearance, aesthetics and costs. For"...a modern house...the design...is not suitable to climatic conditions. As such, it

needs air-conditioning for cooling".(ER1); or "Energy and maintenance costs are high", this is "not the kind of happiness that a family desires".(ER23);

5.3.3.2. Traditional housing design and approaches

The possibility of traditional housing concepts, as an alternative for affordable housing, generated mixed reactions. Positive evaluations of traditional concepts were mainly for adaptability and practicality in changing environments. Some informants believed that traditional housing had advantages in design features and economic cost, over "conventional" housing. (Positive comments and reservations are set out more fully in Appendix 5.1). Some examples of views were:

"Traditional Malay houses, the design was such that, it has style, comfort (even though sometimes small and compact houses), it has a lot of windows and enjoys a natural cooling effect. There is no need for air-conditioning for cooling".(ER1);

"For rural areas or villages...wooden house suitable to rural setting and environment. A prefabricated wooden house such as the 'Kayu Sedia Prefab House'¹⁶⁵ might serve the purpose for rural people".(ER3);

"The alternative housing to a western preference and life-style would be traditional housing where space is really made use of...a verandah was in fact a utility space and commonly used to receive guests. When compared with a modern house...with too much aesthetic in design, [that] shows little benefits in terms of space utilisation...a balcony which can be equated to a verandah is hardly used as utility space. If at all used, a balcony is fitted with an iron grille, which causes inconveniences. It is a waste of space and money".(ER10);

¹⁶⁵The writer has examined models of this house. The structure was basically wooden and resembled that of a traditional Malay house. The core house (rumah ibu) was built on stilts and with a kitchen structure on a raised concrete platform.

"Traditional designs have every potential to be beneficially adapted into the present day houses. People can build good houses on their own as squatters do. With a little planning control and provision of infrastructure, squatter areas could be nice places to live in".(ER5);

"A traditional house concept- open space, a single room only for parents, and a living room used only a simple `mattress` for seating, no doubt it was cheap to build but it is not suitable for today's society. It needs to balance with social requirement...Most households today are working parents. They have little time to attend to routine housework. As such, a roll on and a roll out partition in a traditional practice is impractical in today's society. People would not accept such life-style in a single room and open space. People are more educated...it is awkward to live a `kampung` (traditional) life-style".(ER22);

"...an open space concept as in Malay traditional house is not practical to the changing way of life and family environment. Such a concept is not part of the values of Muslim society in Malaysia today. In a traditional society, the need was different. They preferred a big and spacious house to cater for a family's social activities such as `kenduri` (feast or religious meal), marriage ceremony and to entertain or receive guests or family members. During those times the use of a curtain to make a room was acceptable. Children's exposure to social life was different. Society valued and placed great respect to sense of shyness".(ER11)

A parallel non-Muslim view about traditional housing was expressed by a Chinese interviewee:

"...a Chinese courtyard house in the past was like a palace and ideal in those days in China, but may not be applicable now in a Malaysian context."(ER4);

Nonetheless, she also felt that:

"In a traditional Malay kampong, people lived near to each other, houses had no boundary drawn. There was so much respect for neighbours and cohesiveness in these communities." (ER4);

Traditional ideas of self-build housing and land sub-divisions as policy options were criticised by several informants as uneconomic and undesirable today. There was also a sceptical view about ability of low-income families to pay for land and construction. Views highlighted disadvantages of self-build housing. For example:

"The problem of self-build,...poor and low-income families...they have little choice...If government gives them land, the question is whether it is given free. Even...if free they still have to pay for site preparation and construction costs...In addition land is scarce...more so the cost is exorbitantly high...about 40% to 50% of construction cost. Given these circumstances, self-build will not help to release [the] financial burden of government, but instead gives more burden. Self-build housing is not viable in urban areas".(ER11);

"Self-build housing is impractical in urban areas. It's a problem of land and getting the density. For instance, for an acre of land [they] can build about 5 houses by self-build whereas [the developer] can build 15 units of terrace houses or more units of flat houses. Even in Terengganu where land is still abundant. The preference is to build flat houses in urban areas. In self-build housing, by allowing people to design their own houses and use of different construction materials such as zinc, asbestos, roof tiles, etc. and with different finish quality, a housing area looks disorganised...The best alternative for housing the poor and low-income families is still ready-built housing with government subsidy".(ER20);

While a majority criticised self-built housing, there was also support for the idea in terms of building incrementally through 'gotong royong' (mutual help):

"...it is better to build incrementally...a common method of self-build housing by Malay community in the East Coast, such as in Terengganu. They spend money to build a house from accumulated savings, from time to time. Sometimes they spend as much as RM\$100,000 for a house without involving loan or debt. This is a better way of building a house. By self-build...can control cost...purchase materials by ourselves, there is no mark-up price...by a second party...If buy a ready built house, the price say RM\$100,000 paid is actually one-half of the actual cost of the house. The rest of the money is paid for developer's profit".(ER8);

"The other possible strategy is to get people themselves such as squatter families involved in house building along the concept of 'gotong royong' (mutual help). For instance, developers could employ labour from the families affected by the housing projects. Their labour inputs are accounted into building costs as cost sharing. They are given concessionary price for purchase of low-cost units. Such arrangement helps to reduce labour cost and eventually provide an affordable housing for the poor".(ER4).

5.3.4. Land policy, affordable housing and acquisition

For affordable housing in urban areas, respondents pointed to land availability and conflict over land-use in the states. Differences in approaches of federal and states governments over land policy and its execution were felt to be important in limiting meaningful development of affordable housing, including self-build housing. Despite this, land policy seemed to be perceived to provide some equitable access but with limited freedom for self-build. Land acquisition was acknowledged as an important policy instrument that might be ensuring a progressive supply of land for housing. An issue which surfaced, however, was the perception that lower land price might not be leading to lower house price. Some informants also pointed to lack of coordination, control and enforcement over land-use, affecting construction of low-income housing. Examples of general comments included:

"Land policy in respect of housing is commendable. State land is developed for low-income housing, provides sites for resettlement of squatters or built flat houses for resettlement...state...subdivides land into housing lots for sale at cheap price..."(ER8);

"...rehousing of squatters affected by land development to temporary housing (in long houses) giving them a priority in allocation of flats houses is a commendable policy; in the areas' outskirts, squatters are given land plots. These are illustrations of a sound land policy".(ER1);

"...it seems that many states authorities are ignoring the Structure Plan drawn-up to provide planning guidelines for land-use".(ER5);

"Land availability and land administration are closely linked to affordable housing...Where land premium charge is nominal, it encouraged an unusually large number of low-cost houses built by private developers, as experienced in the Special Low-Cost Housing Programme...The acquisition is likely at a reduced cost or lower price than purchased in the open market...The issue here is the distribution and share of lower land cost. It is not passed on to housebuyers, but instead kept by developers for higher margin of profit".(ER5);

Regional experiences illustrated problems with respect to land administration. A common issue - apparently - was interference of politics in respect of determining land sites for low-income housing projects and the success or failure of projects. Specific comments provided insight into conditions and prospects. For instance:

"land acquired by the government is given to housing agencies and charged a minimum premium...Land acquisition guarantees a perpetual land supply for housing, and provides opportunities for the government to perpetually build a structured urban environment...in Terengganu lands were acquired in many places for housing, but supply of houses is inadequate for several reasons: (i) implementing agencies do not follow the requirement of the government, despite a big amount of money allocated for

housing projects by the Federal Government, (ii) delay on the part of the Federal Government in disbursement of financial allocation to the state, (iii) slow progress or delays in site preparation by state authority mostly where conditions of acquired land required massive foundation work, and (iv) entangled with political issues: for instance, land is acquired in a certain area for housing, for political reasons. But because [the] political situation changed, [the] housing project planned for the area has to defer".(ER17):

Some respondents offered solutions to overcome shortages of land supply. One argued for instance, that

"People in the East Coast must not insist on living in a single unit house. People [have] to change this culture and prepare to live in flat houses or intensive housing".(ER17);

Another referred to leasehold lands "which expire lease contract". The companies involved had acquired profits from the lands for a long time. The authority should not extend the lease contract after this, and the lands should be converted to settlement schemes and allotted to landless urban families for housing. Or, the lands could be allotted to estate workers for settlements: "This is one of the ways to eradicate poverty among estates workers". (ER18). There was also a suggestion by an informant for involvement of land owners in development of their lands, as a better option than land acquisition. He explained that one method would be for a private company to deal with a land owner. Or alternatively, "land owners and project proponents could form a joint-venture to develop the land...". A land owner and private capital joint-venture had proved "an amicable solution, as illustrated by one experience in Kuala Lumpur." Instead of selling his land or surrendering to acquisition, the land owner had apparently offered to develop his land under a joint-venture deal. The outcome was: "he earned a profit...while the land still belongs to him".(ER18);

It is worth saying more about views on land acquisition, since a number of informants raised concerns about recent developments in law and practice. Major

"the yardstick is compensation...paid according to market price...What people [are] complaining [about] is [that] compensation paid to ordinary land owner is lower than compensation paid to VIP".(ER1);

"From Islamic point of view, land acquisition is always linked to 'maslahah ummah' (public interest). If land acquisition is for personal interest and for side business by politicians, this is undesirable and unhealthy".(ER14);

"The Land Acquisition Act does not conform to Islamic practice. In Islam land can be acquired only for public purpose. Today, land is acquired for commercial or vested interest. If land administration follows Islamic rules, people would not be victims of injustice and discrimination. In fact, the recent amendment of the Land Acquisition Act is against the declaration of the Organisation of Islamic Countries (OIC). The OIC declaration on land administration is founded on the Shari'ah Law..." and..."Under Islamic principles, a land owner should not be made poor when his land is acquired. Land acquired must be replaced with another land of equal value, equal size, etc".(ER12);

5.3.5. Islamic values and housing

Under Islamisation, Islamic principles might be expected to be influencing housing policy and practice, and generating new ideas. Within this context, one objective now is to draw on the knowledge of informants to examine how far Islamic ideas may have been having impacts in solving housing problems and on the key factors of finance, land administration and (to a certain extent) house design for affordable housing. An equally important research objective was to examine perceptions of informants about Islamic values, and to discover whether they had reservations about Islamic ideas in housing.

Interviews addressed Islamic finance and the role of the Bank Islam Malaysia Bhd., policy instruments in land management (such as waqf institutions), and specific Islamic principles of land administration. Here the questions were treated as optional.

In pilot work in Kuala Lumpur, informants commented that these administration principles were too "technical" and new to them, but believed the principles had significance in land policy. They wanted to educate themselves in these "new" areas so that they would become informed of Islamic ideas. Given these constraints, the research strategy was selective. Questions on administration principles were asked only if informants were prepared to respond to the subject, or had expertise either through career or official duty. (In some cases informants were too short of time.) The specific issue of Islamic house design was also a focus of questions: interest lay in informants' perspectives on the potential of such housing.

5.3.5.1. Islamisation policy

Islamisation Policy itself was referred to in terms ranging from "commendable", "breakthrough", or "implement Islam the Malaysian way", to "political mileage", or "cosmetic and window dressing". Some informants illustrated positive aspects of Islamisation. One, for example, felt that "Malaysia is way ahead in Islamic economics and finance¹⁶⁶..."(ER14). Others drew attention to specific financing institutions that could be commendable (such as Bank Islam Malaysia, Takaffur Insurance, Islamic Consultative Council, an Islamic Money Market and Islamic Clearance System, Islamic cooperatives, Pilgrimage Fund and an Islamic pawnbroker system).

On the other hand, there were sceptical views, such as:

"Evaluation of Islamisation policy and its effectiveness should consider three criteria: line of thought for [an] Islamic course, belief in its course, and practice in daily life guided by the Shari'ah. Islamisation process must integrate these three criteria and [they must be] simultaneously implemented, otherwise it remains a slogan. Malaysia has not

¹⁶⁶The International Islamic Capital Market Conference held in Kuala Lumpur in March, 1996 seems to have acknowledged Malaysia as an Islamic Financial Centre in the area of banking and capital markets. Malaysia is apparently regarded as successful in establishing an Islamic financial services infrastructure. (New Straits Times Malaysia, Monday, April 8, 1996).

yet attained these standards. For example in the economy, [we] still adopt capitalism...taxation the line of thinking is not yet towards [an] Islamic system. Similarly in housing, society has not put much thought to [an] Islamic dimension".(ER3);

"An Islamic housing loan and interest free banking introduced by the government are some of the efforts toward Islamic financing. The impacts are small, even though commercial banks participated. The reason being the implementation is more for fulfilling certain desires and objectives than to actually wanting Islam and Islamic culture. Thus they do not conform to the spirit of Islam and [there is]...no in depth effect of the Islamisation policy".(ER9)

There was recognition for difficulties and constraints:

"...the awareness about Islam in government was only by a handful of people. To persuade the public is not an easy process; [it] may be that we are so used to a secular system for a long time. Most of the educated generations were brought up under a secular system. We...came to hear about Islam [having] financial and economic systems only lately...A change to [an] Islamic system involves a major change: expertise, administrative costs, profitability, appropriateness, etc. Public resistance to new ideas can not be ruled out".(ER12);

"The government has to introduce Islamic ideas progressively considering the nature of [the] social and religious composition of Malaysian society and their readiness to accept Islamic ideas and methods. Historically, the banking system today is inherited from colonial practice. To change drastically the system that has been dominating public life for so long is unwise".(ER13);

5.3.5.2. Islamic financing

The case of Bank Islam Malaysia Bhd. was frequently quoted for real life experiences in Islamic financing. Respondents felt, however, that this bank fell short of

Muslim expectations for fair financing for housing loans, for answers to conventional banking practices, or for providing greater accessibility for low-income families to mortgages. Their perceptions suggested it offered no competitive advantages in mortgage loans over its conventional counterparts¹⁶⁷. The interpretation of "legality" of interest rate was raised, and the flexibility of Bank practices was questioned. The apparent weaknesses of Bank Islam (including inadequate promotion) and its roles in the finance market raised issues of monopoly and market competition. The comments below illustrate concerns about Bank Islam and the prospects of Islamic finance in the housing sector (see also Appendix 5.1).

"It seems that Islamic methods give more burden to a borrower than under a usury system,...The calculation method used probably does not contradict Islamic rules, but from the spirit of Islam, it becomes doubtful...can not put the blame on Islamic system, but the people who implement the system. They might not have a clear understanding of Islamic methods. Bank Islam also is not creative in financial management...The philosophy and objectivity of Bank Islam is not clear. Its housing mortgage loan is a burden".(ER12);

"People complain that they pay more under Bank Islam's loan than a commercial bank. Islamic banking, no doubt it is [a] non-oppressive system...Islam is not just beautiful in theory, but practically it should also be beautiful".(ER1);

"The low-income group as potential clients need to be assured that Islamic methods cost less. Such assurance is important and necessary because the present generation sees the conventional system and interest as acceptable...To attract people to [the] Islamic system, it must portray not only from a religious view point but also a non-religious, elements such as low monthly repayment, easy repayment scheme, etc.". (ER11);

There were mixed views on the Islamic "acceptance deed" (akad), and its use in practice. To some informants, under the principle of "akad" loanees had the advantage

¹⁶⁷Similar feelings were expressed by household sector respondents; see Chapter 6.

of knowing the price of houses they bought and a fixed profit charged by Bank Islam even though the base lending rate rose. Another informant (ER3), however, felt that Bank Islam was rigid in administration of "akad" principles. The prohibition of interest rates was also raised by one informant. According to him, Muslim scholars had disagreed over this. He cited Shalaby¹⁶⁸, who "claimed interest is acceptable in certain contexts".(ER3).

Some informants seemed to favour a competitive finance market, and criticised Bank Islam's monopolistic position prior to implementation of the policy of interest free banking. As one put it, "Islam does not accept monopoly" (ER7). The implementation of interest free banking allowed greater choice by Malaysians in mortgage financing. As another noted, commercial banks "have introduced Islamic financing" and compete among themselves "to offer Islamic financing facilities". If, before, customers had to accept what Bank Islam offered in respect of Islamic transactions, now "customers have a greater choice". The finance sector "does not need more Islamic banks".(ER20).

Despite such views, the idea of a housing bank as a funding instrument for Malaysia, in the context of Islamic finance, was seen as sound by several informants. There were suggestions it should help low-income families' access to mortgages.

¹⁶⁸The context illustrated by Shalaby was where government banks were established to protect the public from exploitation by commercial banks. He argued interest charges by government banks could be accepted on condition that the rate must be low (about 3%) to cover costs and expenses by the banks. This sort of interest according to him was approved by Muslim scholars as legal in Islam. He cited the experience of Property Trust Bank which gave out loans at 3% interest to Cooperative Companies or individuals for financing house construction. The motive of the government was to encourage people to build their own house or flat to overcome housing shortages. In a way it was usury, but could be "tolerated" for the reasons that (i) so long as individuals or companies were satisfied that the value and amount of interest charged actually covered the bank's expenses, they or the company could engage a loan from a bank; (ii) the value added from house construction was more than the interest rate (3%) and was considered as profit from "mudharabah" derived from other commercial transactions in the production sector. (See Shalaby, Part 3, particularly pp.299-301, 1971).

Interviewees also related experiences of the Malaysian Building Society Berhad (MBSB) to the idea of a housing bank. Views included some lengthy observations:

"A housing bank can provide one of the options in the system. Housing is a growing need and with a housing bank it can help to generate more lendings and speedier process. But a housing bank must differentiate its motives from a general bank, it must focus on a target group and a problem area- low-income housing. If a housing bank finances only low-income housing, it is more desirable and will have greater impacts. If a housing bank has a general housing motive, then it defeats the purpose. For middle-income and high-income groups, they can obtain loans from other banks because they can afford to. A housing bank can operate under [the] Islamic system for banking without interest not only meant for Muslims, non-Muslims can benefit from it as well."(ER7);

"A housing bank if [it] works successfully...would provide an alternative...apart from the Employees Provident Fund (EPF) and commercial banks. The MBSB, a subsidiary of the EPF seems not to have a clear function in giving out housing loans (to low-income families). A housing bank would get support from workers for it would take care of their interest. There are many complaints that commercial banks are very selective in giving out housing loans".(ER12)

"The idea of a housing bank is commendable...to promote housing construction...MBSB...could operate as a housing bank...or...the EPF itself... The EPF has vast financial resources from 3.5 million contributors. As a housing bank, it should provide a new option for workers...The transactions can use Islamic methods".(ER8);

Some informants, however, saw such a bank as creating a monopoly in the housing mortgage industry, incapable of providing a sufficient network across the country (ER13), or limiting house buyers' choice for mortgages (ER20). They believed that a housing bank was unnecessary, and house buyers' needs could be met by present commercial banks. Interestingly, dangers of monopoly and potential interference with

competition by such a bank were cited (ER9 below, cf ER7 above), in the context of an Islamic stance:

"A housing bank might create a monopoly...if it controls workers' contributions...in a wider context of property development...the absence of competition, other banks will be affected...Under such conditions, it is doubtful that a housing bank will operate within the Islamic framework and principles".(ER9);

5.3.6. Islamic land management and land policy

The main focus here was on the institution of waqf land and any potential it might have to help solve problems of land supply for housing, and as a land bank. The objective was to explore perceptions and experiences of informants, and whether they had thought about waqf land not only in its traditional associations, but also in respect of its use today.

Other questions addressed specific issues in Islamic land administration, namely: *ihya-al-mawat*, *al-iqta*, cessation of ownership, and size limit in land holding. These principles were "historical", but it was intended to see if respondents felt such approaches might in any way appear meaningful today.

5.3.6.1. The institution of waqf land

The views of informants about waqf land and its potential were not uniform, but provided evidence of the problems, limitations and prospects. Perceptions suggested that waqf land had potential as a policy instrument for supply of cheap housing by virtue of being donated free. Cheap land cost could be transferred in the form of cheap tenancy in rental housing. This was the view of three informants who covered this issue. Rental housing was seen by these informants as the most appropriate strategy for development of waqf land, with cheap rental enabling urban families to have affordable housing. A directly redistributive policy could apparently also operate

through waqf, as informants claimed incomes or returns from rental could be used to finance welfare purposes such as orphan support and orphanage housing, support for elders, etc. One informant argued, the concept of waqf could be "to distribute benefits...to the poor".(ER7). Another described waqf land as potentially a "wonderful instrument"(ER1).

As in Western societies, some felt retention of the "freehold" could mean benefits for successive generations of tenants (ER5), although a constraint might be "the capital required"(ER11). One informant illustrated how families had benefited from housing developed on waqf land, enjoying cheap rental or lease. Others, however, considered cheap rental uneconomic, providing too low a return (see ER17, ER8 in Appendix 5.1).

5.3.6.1.1. Perceived weaknesses in waqf land institutions

The potential for development of waqf land in the views of some informants was hampered by weak administrative institutions, religious councils, constraints in state laws, etc. They claimed that waqf land was not given priority for development by states authorities. Some lengthy observations were offered by informants, including:

"Waqf land stock is plentiful in some states such as Pulau Pinang, Johor, Kelantan, Terengganu and Federal Territory Kuala Lumpur. There is waqf land still not gazetted (by states religious councils). The Federal Government has a plan to develop waqf land nation wide. The heads of states religious departments have had meetings to reactivate waqf land under their respective jurisdictions. The plan did not materialise because of legal constraints where waqf land is subjected to states laws. The potential for development is great if states laws could be amended. The amendment is unnecessary if states were to develop the waqf land by themselves".(ER21);

or;

"There is a great potential for waqf land...the problems (are) there are no proper administration, no proper register with land office and...stock is not monitored. With a proper administration, waqf land could be developed like any other land,...The stock is all over the country, in older towns, but its proprietary [control] is not being established at all. For example in Melaka...waqf land is compiled in a register, but the authority did not know to develop the land".(ER10);

and;

"The basic problem with waqf land is the improper inventory and management...state religious councils which administer waqf land...do not keep a proper inventory...an example is a piece of land in Segambut (Kuala Lumpur) with an old structure which resembles an abandoned mosque on it, but is occupied by a non-rightful party for use as [a] motor car workshop...do not gain any profitable return". (ER2);

One informant estimated waqf land stock at 1,600 hectares, valued at about RM\$1 billion. He noted there were twelve religious councils in twelve states each with their own administrative styles. Where waqf land stock was small, the councils might look at it as not important, and incurring a high cost. He felt administration under religious councils was weak (ER7).

The types of waqf deeds were also identified by informants as constraints complicating the development of land. The deed being from a religious standpoint, the informants claimed, hindered the use of waqf land for productive purposes. The problem was attributed to misconceptions and narrow interpretations of waqf land being only for religious purposes. Some informants seemed to disapprove of the common practice of dedicating waqf for a specific use, such as building a mosque. They believed specific waqf was restrictive on use of land for more beneficial purposes. Exploitation of waqf land had also not been attuned to commercial potential:

"In Malay society, an understanding of waqf gives a simple meaning- waqf is meant for public use, land left behind by the deceased, and idle land which has no commercial value. The connotation...reflects little dynamism...a mental block by those who hold the waqf trust...among the elderly Malay Muslims, the government's suggestion recently to develop waqf land...on a commercial basis has shocked them...To them waqf is not for commercial exploitation...For example, waqf land under the administration of the Federal Territory Kuala Lumpur Religious Council. Land in Kuala Lumpur is very precious and valuable, and yet it is not utilised productively, for instance for building shopping complexes".(ER11);

"In the past people's first impression about waqf land [was] it was meant for a cemetery...for a specific purpose such as for building a mosque. It did not reflect the element of income generating and as a source of funds for the `ummah` (Muslim community)".(ER12);

5.3.6.1.2. Ideas and prospects for waqf land

Despite positive views of waqf institutions, some informants were sceptical about the future, due to changing attitudes and lack of land in urban areas. For instance;

"The concept of waqf land is slowly diminishing in Muslim society today...shallow understanding about Islam. In the past, people were very keen and motivated to donate land as a deed for an everlasting reward and the pleasure of Allah in the hereafter. The new generation does not view it as important. They have become materialistic and do not care much about the significance of waqf. They are more concerned with taking than giving. Their attitudes are also influenced by the environment. For instance in Kuala Lumpur, what is there to donate where land supply is already a problem".(ER12;also ER7).

Other informants expressed their concern for more prudent use of waqf land to meet present needs. They suggested donors should consider waqf for general purpose use, to achieve flexibility and to address current problems. They illustrated

redevelopment of waqf land with experiences drawn from within Malaysia and abroad. Examples highlighted attempts by public and mosque committees to introduce new forms of managing waqf land in modern contexts. Comments suggested a degree of optimism, but acknowledgement of problems and practicalities. Examples included:

"...in Penang recently, there was a dispute about whether to redevelop waqf land already with a mosque on it and to replace it with a multi-purpose building comprised of offices, shop lots and a mosque on the top floor. People could not accept this replacement, more so when the decree of the donor is for building a mosque...This involves a Shari'ah Law, only experts and religious council can issue a ruling on this matter". (ER7);

"An example of voluntary effort to revive the waqf institution is by the National Saving Bank (BSN) in collaboration with 'Yayasan Pembangunan Ekonomi Islam Malaysia' (YPEIM) through a national waqf system. The general public are encouraged to contribute to the BSN for the purpose of redevelopment of waqf land".(ER8);

"...there was a proposal by the Segambut Mosque Religious Committee to develop flat houses adjacent to the mosque. Such ideas should be supported. If flat houses could not be sold off because it contradicts the waqf deed, houses can be sold on long term lease. The transfer of ownership is therefore only a temporary one while land still remains a waqf".(ER14);

Experiences abroad were quoted by some informants including shopping, housing, and university schemes on waqf land (see Appendix 5.1). A particularly interesting one was "Kampong Air" (Village on Water) in Brunei, "with massive low-rise structure houses and self-financed by the people" (ER2).

Some interviewees felt the supply of waqf land should also be the responsibility of government, in addition to other types of waqf practices by society. A suggestion was for states governments to convert state land which had an expired leasehold title, into waqf land with free or minimum charge leasing (ER1; see also ER12).

Centralised administration of waqf land seemed to be strongly supported. Informants believed this would give advantages in term of the resources and expertise available at central government level. Waqf lands could be managed with more economic prudence. Some claimed the administrative instrument of waqf land required dynamic managerial and economic capabilities. State religious councils (traditional administrators of waqf land) were seen as no longer appropriate managers. Another variation envisaged for centralised administration was the model of the Pilgrimage Trust Fund (two referred to this: ER2 and ER14).

On the role of waqf in land banking, some informants indicated it was necessary to consider the quantity and size of waqf land, the types of waqf decree, and waqf's fundamental role in the Muslim system. Nonetheless, "conceptually", waqf land already implied "a land stock and thereby [it was] a land bank." The difference was "only its limitation of use".(ER3). One informant perhaps disapproved of linking waqf land institutions to a system of land banking. Waqf land was a fundamental in the Muslim system: thus it was necessary to promote the idea on its own account (ER7).

5.3.6.2. Principles of Islamic land administration

The questions on Islamic land principles were asked to only five informants (out of the 25 interviewed). One was a non-Muslim. These interviewees were of the unanimous view that the Islamic concepts and principles were not easily applicable in modern times where a new set of laws governed land administration. A revival of the principles, they claimed, would face problems of adjustment to present social and cultural practices. Nonetheless, there were also observations about advantages to be expected from the principles, such as redistribution of land and other social/economic benefits. The informants might not be representative, but they provided insights into difficulties, conditions and prospects of implementation of the principles in respect of housing. Amongst points of interest were those included below:

"The Islamic concepts and principles were ideas introduced in the early period. `Ulama` (clergies and jurists) formulated the principles during their time where the system at that time was not advanced. Anyone could clear a jungle and claim land belonged to him. But it is illegal to do it in our time and subject to the law of the state. However, some concepts and principles are still applied in certain communities in modern times. [An] example is `tanah adat` (customary land) in Negeri Sembilan. The `tanah adat` is hereditary by generations and cannot be redistributed to individual members of a family".(ER21);

"Islamic land administration principles have pros and cons. The principle of right of ownership for those who work the land poses a problem. For example, in Kampung Kemesah in Ampang, Selangor, illegal immigrants opened up land illegally for their settlements. The land becomes theirs...A legal issue seems likely if somebody works on idle land that has a legal title. But some principles seem acceptable. For instance a principle of ownership ceasing if land is left idle for three years consecutively, and a principle of tax on land after it is being developed. The deprivation of ownership could be useful for the purpose of ensuring distribution of land...Taxation principles [could]...be adjusted according to the purpose of houses built...the first house...tax free, a higher tax for second and subsequent houses. This helps check housing speculation. These principles are relevant for solving housing problems and home ownership (but not [the] land problem)...it requires a political will to incorporate and implement those principles..."(ER11);

Despite the scepticism about practicality, one state official claimed that certain land policies of that state were similar to principles outlined by Islam. His comments included:

"In Terengganu State land policy, `dasar tanah haram` (policy on illegal land occupation) resembles the Islamic principle of right of ownership for those who worked the land. Under this policy, the state government issued titles to settlers who worked the land. The state government is taking action to alienate these lands for settlers...12,000 applications for titles were received...The size of land...for each settler

is not more than six acres for agriculture crops. For a housing plot, the state policy is to restrict the size to not more than one acre. For a land plot exceeding one acre, the remainder is repossessed by the state and put up for auction. This measure is taken to redistribute housing plots to those in need.

[The] state government has a plan to apply the principle that ownership ceases for land abandoned/left idle for three years consecutively, but with modifications...for instance, a land title for a housing plot. The owner is given a temporary ownership...for a period of three years. After the three year period if the land is not developed, it is automatically reverted to the state."(ER17).

5.3.7. Muslim housing values and norms

Interpretations by informants (eight) of relevant Islamic concepts provided indications of the complex nature of Muslim housing. There were differences of interpretation. Discussions were quite wide-ranging, referring to design, architectural principles, definition of a Muslim house, the planning code and practice desired by Islam, and difficulties of translating concepts and norms into housing practice.

5.3.7.1. Definition, design and requirements of Shari'ah Law

Definitions of Islamic housing introduced by interviewees touched on Shari'ah Law, and the philosophy of housing in the contexts of a family and a community aspiration. From the Shari'ah Law, the function of a Muslim house as the informants saw it was to fulfil religious requirements. Concepts and principles mentioned included "aurat", privacy, segregation of women/men, relationship between design and functional use of space, prayer room, etc. Muslim interviewees seemed to be unanimous about the need to observe the "Qiblat", cleanliness of place for taking ablution, and the desire to separate bathroom from toilet. Examples of comments were:

"In Islam a house is considered as an 'aurat' of a family...to take a role to provide cover for a family...The 'aurat' is a holistic concept. It covers the exterior of a house - a fence to restrain outsiders' view; the interior - a closed guest room for privacy and to restrain their views about the home; and rooms to cater for privacy of family members... [On the relationship of aurat to design]...A guest room is separated from utility rooms such as dining room, kitchen. If a guest room has no partition wall...must provide with curtains...for privacy of guests and for privacy of family members and their conveniences while accepting guests; sufficient rooms...grown-up children especially female need to be separated".(ER7);

"...a toilet must be at a separate location and not facing the Qiblat. [If] the position of [a] toilet [is] facing the Qiblat, there is no 'barakah' (Divine pleasure) in such [a] house". (ER8);

"...house design must incorporate values of Divinity...toilets must be separated from bathroom because in the bathroom, normally, Muslims take their ablution. A place for taking ablution is expected to be clean from dirty things."(ER6);

"A Muslim house should have certain quality: beautiful design and inside decoration, a clean kitchen, sufficient number of rooms for a decent family life - three bedrooms (to accommodate privacy of family members), two bathrooms, a family hall, a prayer hall, a guest room. These qualities signify a happy family life...a house...should be aligned to a wind passage, not facing the directions of sun rise and sun set, facing the 'Ka'abah' (Qiblat). Inside the home, a bed should be positioned so that legs should not face the Ka'abah during sleep, a toilet should not face the Ka'abah. Islam allows such a position only if there is wall or a partition". (ER3);

"...should have a prayer room to allow family members to perform prayers together. A lounge is not a suitable area for prayer as it is perceived not a clean area".(ER12);

"...should cater also for a detailed requirement such as a smooth flow of water in the toilet to ensure waste water from cleaning and washing does not clog on the floor of the toilet. The dirty water changes the character into 'muttanajis' (water that is mixed with a

remnant of dirty water) and if carried by a person to other parts of the house will affect the cleanliness of the house. To a Muslim who is very particular about purity, it makes him doubtful of his `ibadah` [prayer]".(ER14);

"...room for women if possible should be far apart from men;...location of toilet, types of bowl to use- squatting bowl; ablution room and its location should be close to a prayer room so that one does not need to cross other areas for fear that he might step on something that will cancel his ablution".(ER11);

One informant had a different view of observing the `Qiblat`, feeling that facing the "Qiblat" depended on location of the site. It was also not necessarily wrong to face sun rise or sun set.(ER21). Another informant claimed there was a strong relationship to the "Baitullah" (see below) and its meaning and message, to the concepts of a mosque, "mehrab" and the practice of the Prophet. This view can be stated fairly fully here:

"...it is said in the Qur'an that the first house ever built by man was "Baitullah" (House of Allah) in Makkah...its concept and significance can form a basis of housing in the modern time. Housing in a social context is for a family and community, while "Baitullah" is a place of worship. [In] the design of "Baitullah", the centre part is not used but only for circumbulation [circulation] the "Ka'abah" by Muslims when they perform "hajj" and "umrah". The concept has its symbolic significance in a Muslim house....a house functions like a mosque...It is a place of worship. A Muslim house should have or should provide a special room (mehrab) in the centre for use for praying.

...a house...requires an open space and...a library. A library is an important value in Islam because Islam is knowledge and the Book Al-Qur'an is the main source of knowledge...a true Muslim house, its philosophy and concept is based on the principle of `ibadah`: worship -`hablunminallah`, and community purpose -`hablunminannas`. It must incorporate and reflect these principles".(ER24);

On questions of family and community, some informants claimed the function of a Muslim house should relate to upbringing of children in line with the community's social need. The concept of a Muslim house was a reflection of heaven, the environment most desired in a family. As one put it:

"...the concept of my home is my heaven...needs to be promoted to create a living environment; the families and children that grow in it will possess Muslim characteristics. This forms the basis of a society with the elements of solidarity and resilience...[In] a village community...the social fabric was so closely knitted that it was an accepted norm that 'your son is my son'."(ER6).

On the issue of fencing to separate houses, informants differed, but one argument was that a fence to separate Muslims was restricting. Socialisation and building of neighbourhoods were seen as very important, and these values were the thrust of the principle of 'hablun-minannas' (relationship between human beings). This interpretation seemed to have a different thrust from those stressing the concept of 'aurat'. Views included:

"A fence is not necessary, as though Muslims live in seclusion from their Muslim brothers. If a fence is required it is only for the front area of the compound and no fence in-between houses. This is an ideal in a Muslim community". (ER8);

"...within a neighbourhood and a community at large...the idea is to remove self-barricade or self-imprisonment resulting from such a practice of building a tall brick wall perimeter fence surrounding the house. A brick wall not only isolates families from their neighbours, but it incurs an economic cost".(ER6).

One felt that a Muslim house should not have a fence, and a home was to provide service to a community. People - for example a wayfarer who was desperate for a place to rest and to offer a prayer - could "easily stop over at any Muslim house," and "this tradition was still practised in Sudan."(ER24).

5.3.7.2. The principle of "adab" (manners)

There were some strong views about Islamic rules towards ecology and nature in town planning and house building, and spiritual conduct in scheduling of construction. The concept of "adab" formed the basis of codes and rules:

"In Islam, there is a method of selecting a site to build a house. Prophet Ibrahim (Abraham) when he selected Makkah to settle his wife Siti Hajar, he asked Allah's blessing for the place. Prophet Muhammad (peace be upon him) taught Muslims to offer `istikharah` prayer to seek guidance from Allah to help to make a right choice for instance in buying a house, buying land for building a house or on anything...The book `Tajul Muluk` which was popular among the old generation of Malays provides some useful information on adab in building a house".(ER24);

"House design in Islam should blend with natural forces- wind direction, sunlight and air;..for natural ventilation and to reduce thermal heat."(ER3);

"In Islamic thinking of town planning, an orchard was an important feature...example was in Madinah City. Orchards were located at the edge of the city...Orchards were not only meant to provide shade but for the public to benefit, for the poor families to enjoy the fruits." (ER23);

A recent application of principles of "adab" in construction was illustrated by one interviewee who explained the construction of the Institute of Islamic Thought and Civilisation (ISTAC):

"The planning of [the] ISTAC building by Professor Syed Naquib and its construction is the example of Islamic method...He observed the patterns of wind direction and rain in the area. He stuck a pole where the water fountain is located now and offered a prayer to Allah for His favour...He first erected the ISTAC building on the `Night of Qadr (Lailatu'l-Qadr)...The night is a night of Wisdom...The building faces the `Qiblat` and it

is landscaped to the natural environment of the area. Trees were not cut...shows 'adab' (good behaviour and respect to nature). To Professor Naquib, to build a house or a town requires to observe a lot of 'adab'..."(ER23).

Broader application of the "adab" principle was also highlighted by another interviewee. He explained:

"Malaysia has moved to a new planning doctrine...the basic principles are (1) Human relationship with his Creator, (2) Human relationship with his fellow human being, (3) Human relationship with his environment. These principles and values for which the source is from the Qur'an are authentic and transparent in Islam. These principles were used in the planning of Putra Jaya New City Centre".(ER6).

5.3.7.3. Flexibility in architecture

Flexibility, informants argued, was acceptable if it did not contradict Islamic fundamentals. Some values were relative, and could be adjusted to a social context and environment. Ethnic or cross-cultural influences were noted, and housing forms or designs need not be rigid. For instance:

"...any form of house design is acceptable so long as it does not contradict Islamic fundamentals. What is relative in Islam can change according to a particular situation and environment...example is a...Muslim mosque in China, that resembles a temple, due to the influence of Chinese culture..." (ER3);

"a physical architecture changes over time according to the environment. The Madinah City during the Prophet's time was physically simple...In Spain, Turkey and India, Muslims had architecturally beautiful buildings".(ER23);

"Islam is not rigid in its housing standard...should match with the situation of society...examples of varying housing standard between...houses in Madinah and in Syam (Syria) during the Caliph Umar regime. Muawiyah, the governor of Syam [now

Syria] had a big house and of relatively high standards because Muslim houses here were relatively of high standards and people of Syam could afford such luxury. The luxury and prosperity in his governate required him to have a similar luxury to gain [the] respect of his people. On the other hand in Madinah, Muslims were largely poor, thus state officials lived according to the standards of the people there".(ER3);

"In the Malay Archipelago with many different ethnic groups, Malays have had their own housing design. When Islam came...Malay culture and customs had been influenced by Hindu and Chinese cultures. Thus a mosque in Indonesia was decorated with a painting of a dragon. A similar dragon symbol also formed part of a mosque decoration in Melaka...In modern times, a Muslim house is modelled on western colonial ideas and culture...".(ER24).

5.3.7.4. Problems implementing Islamic housing

Informants noted several factors here, such as numbers, training background and experiences of Muslim architects, market forces, regulations and developers' business objectives. Interviewees' observations included:

"The composition, awareness, knowledge and training of Malaysian architects and designers are the obstacles that inhibit the realisation of Islamic norms and values in housing. Muslim (Malay) architects constitute only about 30% of 1,800 architects in the country and they are not trained in Islamic education. Probably only 2% might have knowledge and interest in Islamic architecture".(ER2);

"To house developers, profit making overrides Islamic requirements because it seems that to conform to the values and norms involves building a bigger house and requires a big land area...Effective demand is also a significant factor".(ER12);

"...design to meet Islamic requirements is not important to a developer. Most architects do not consider for example location of toilets and the direction of 'Qiblat' as important in design. These are difficult aspects to incorporate in house design by a

developer...There are developers that are really concerned with Islamic norms and values...The only standard practice and requirement on Islamic principles is for a developer to allocate a site in a housing estate for building a mosque, a regulation imposed by a local authority".(ER9).

Informants also perceived that it was costly to practise Islamic housing because of the standards required, affecting affordability for low-income families:

"Incorporation of Islamic values is desirable for high-class housing to comply to requirement of space. Only these people could afford such standards:...separate lounge; open courtyard to receive and accommodate visitors...at all times;..."(ER2);

"A low-cost housing unit provides only basic facilities- bedrooms, living room, kitchen and bathroom/toilet. Space is a constraint to segregate women/men. Segregation in low-cost housing is only in terms of parents and children. If segregation attempts to include a separate lounge and entrance, that could not be provided".(ER22);

"The present low-cost housing does not have Islamic characteristics...design provides little space for family members, male and female children share rooms, apparently no space for a prayer room".(ER16);

5.3.7.5. Models of Muslim community housing

Ideas of community housing discussed by informants touched on the "muslim village", the role of the mosque, the community guest house, and housing segregation. According to one interviewee the conceptual aspects of Muslim housing were closely linked to concepts of love and caring for one another, brotherhood, "gotong royong" (mutual help), togetherness and cooperation, and principles of "ehsan" and equity. The application of these was reflected in the institution of a community guest house. A community guest house provided one answer to the question of affordable housing: a low-income family's need for extra home space to receive guests was taken care of by a community guest house. The informant explained the concept:

"From Islamic perspectives, if families could not afford to provide guest room in their houses, it was the responsibility of the community to provide...a community guest house...a Muslim village...must have a guest house...for public use and collectively shared and managed by the community...The concept of a guest house means to tie the hearts of Muslims...feeling of brotherhood...fostering love and care for the community...togetherness and cooperation. Islamic housing must reflect and carry with it these values and...principles of 'ehsan' and equity. The principle of equity carries a holistic notion and action of what I have I want my brother to have it, what I like I want my brother to enjoy it, and what I hate I want my brother to dislike it". (ER7);

One informant claimed that there were examples of "muslim villages" established by Islamic organisations that could provide models. He cited examples such as "Al-Arqam Community Village in Sungai Penchala and Tabligh Village".(ER2). To another informant, the "Islamic village" was not necessarily the only interpretation of the objective of creating a community as envisaged in Islamic community housing. Islamic housing, he argued, was a combination of faith and dynamism:

"Ideally, the concept of Islamic housing falls back to the objective of creating a community...The form of a community does not necessarily mean an Islamic village, even though the basic objective is to create a community. Islam does not represent localised and traditional characteristics. It is based on combined factors of faith and dynamism. A community in Islam; the centre point is a mosque, an institution that provides services to the community".(ER14);

While referring to "community" ideas, we need to note segregation of neighbourhoods between Muslims and non-Muslims. One informant argued that interpretations of Islamic ideas in housing should consider the "present reality and contexts of a multi-ethnic and multi-religious society".(ER2). Another felt that "while Islamic housing in its true sense,...needs a segregation between Muslims and non-Muslims," this should not prevail in a multi-ethnic society like Malaysia. The

challenge to housing planners was the manner for incorporating Islamic housing values for multi-ethnic needs, and to foster groups living side by side in a community.(ER10).

5.4. Conclusion

Interviewees showed concern for affordable housing. Their discussions provided some account of achievements in low-income housing and its distributional effects. Several were critical of the roles of politicians in decision making about who gets low-income houses. They claimed politicians sometimes took gatekeeping roles. This claim by central informants was supported with evidence by regional informants about the influence of politicians in determining access in low-income housing. Some interviewees felt that government supporters had been beneficiaries of public low-cost housing (PAKR). In the private sector, problems of distribution to the target group were linked to the business goals of private developers. They were believed to be less inclined to follow guidelines from government. Profit motives in low-income housing in the secondary resale market, were also seen as factors that distorted distribution.

Change in government policy was seen as affecting accessibility to low-cost housing. Privatisation, some interviewees claimed, put the role of public sector housing at stake. One effect was revealed by a regional informant. He noted that as the affordable hire-purchase scheme was replaced with bank finance, low-income families would be pushed out of the public low-cost sector.

Regarding subsidies to provide affordable housing, several informants with experiences in public housing projects supported the need for subsidy policy to continue. However, one informant criticised cross-subsidy by middle and high income families for low-income families. Issues raised by several informants covered Bumiputra home ownership and the quota system, which were felt to be important in discussions about distribution of wealth in a multi-ethnic society like Malaysia.

Interestingly, there were no clear divergences between the responses of "bureaucrats" and "non-bureaucrats", despite some individual differences.

Informants expressed divided views about the impact of western life-styles on affordable housing. A majority felt western life-styles had influenced house prices. Illustrations given, however, were new life-styles such as condominium living, and recreational and theme park housing. Informants claimed this had had direct impact on land use and conflict of use in urban areas, tending to lead to accommodating the demand of wealthy families. Conflicts of use were identified as one cause of land shortage for housing, made worse by lack of enforcement by authorities.

The theme of self-build housing received mixed responses from interviewees, with acknowledgements of advantages and disadvantages. Issues of land availability and cost led to questions about the feasibility of self-build housing for the urban poor. For those informants who claimed that self-build was an alternative for affordable housing, one argument was that it could be achieved through incremental construction, a popular approach in traditional Malay society. It was also perceived as a method by which the poor could incorporate Islamic norms in housing. Affordability, six informants claimed, could also be derived from a design concept of a traditional Malay house.

The topic of Islamic values raised a wide range of issues. Informants held strong opinions about Islamic financing. The experiences of Bank Islam Malaysia Bhd. were not viewed particularly sympathetically. They claimed Bank Islam had had little to offer to low-income families: indeed the Bank was "branded" as similarly exploitative, as in conventional banking. The prospect of Islamic financing, informants believed, was changing for the better from competition, with implementation of interest free banking introduced by the Government. The idea of a housing bank (possibly run on Islamic principles) generated mixed views. Some interviewees rejected the idea for reasons that the present banking network could sufficiently service demand. A housing

bank might give rise to monopoly in mortgages. Some interviewees, however, expressed optimism that a housing bank would help solve financing problems faced by the working class.

Several interviewees held the view that waqf land institutions had potential to solve land problems for housing. Meaningful use and development of waqf land, however, might require restraining factors to be removed. A majority favoured centralised administration under the Federal Government. Of course, the informants included people primarily operating at the national rather than local levels, which may have influenced their views. Various other suggestions were made about ways forward; and certainly waqf land might provide for rental housing for the benefit of low-income families. Nonetheless, some interviewees saw waqf land as having an uncertain future. The present generation of Muslims showed less concern towards waqf, and land in urban areas was becoming more scarce.

Islamic housing, from interviewees' perspectives, was closely related to Shari'ah Law. A Muslim house should observe Islamic principles in design and lay-out. It was clear that several informants were very well versed in the detailed design requirements. One implication of such requirements, however, could be higher housing costs that low-income families could not afford. For the supply side, informants claimed developers were not keen to provide such high standards for low-income housing under the price control regime. Some interviewees implied the standards were achievable for, and more applicable to, wealthy Muslims. In discussion on Islamic housing, various points were also raised relevant to "community ideas".

While informants had similar perspectives about basic principles, they differed in interpretations about architectural features. Some believed architecture was related to specific social and cultural environments. Some felt fencing was necessary to comply to the rule of aurat, while others believed it was not desirable in the context of fostering a sense of neighbourhood. The concept of "adab" was also highlighted by

informants as an important and relevant component of house building and housing policy. House design and lay-out might incorporate forces of nature. Conservation of nature, and "manners" towards environment constituted essential procedures in a Muslim planning system.

5.4.1. Life-styles, modernisation and Islam

Informants associated certain life-styles with westernisation, social segregation, luxury, and competition with other households. In discussions, some highlighted preferences by the rich to live a life in "designated" high class areas. These individualistic life-styles were seen as a trend in urban society, penetrating into housing production systems. It was felt that housing producers responded quickly to such lucrative markets, and use of land was exploited "optimally" to develop expensive housing. Some interviewees noted conflicts of land-use putting pressures on house prices, and affecting access to affordable housing.

Although it is difficult to generalise from a set of interviews which almost approached people as individual "case studies", nonetheless there are some broad possibilities to consider. Issues of change and modernity appeared significant especially in relation to perceptions of choices between Islamic and Western ideas. It seems that there were some "tensions" between value systems. For example, informants apparently wanted Islamic ideas such as cooperation, justice and fair distribution, but at the same time indicated a degree of acceptance of market ideas and competition implying inequalities. They also often wanted progress, economic development, and westernisation, and at the same time wanted to observe and preserve certain traditional or religious values and morality. They did not applaud the life-styles of the rich, yet acknowledged the role of markets in which the rich prospered. Acceptance of markets as a policy choice was neatly reflected in some views on managing waqf land institutions, but alongside a desire for an effective waqf role in affordable housing and in charitable action. Despite a belief in Islamic finance

methods, and a desire for good housing to reach the poor, some interviewees saw competition in banking as more desirable for consumers than unified institutional initiatives aimed at shaping housing finance. Indeed, Islam's disapproval of monopoly was invoked in defence of "the market". On the other hand, some informants were very concerned about the affect of markets and privatisation on low-income families. They felt that, while under social housing regimes low-income families did not have equitable access to low-cost housing (due to factors such as income and discrimination by gatekeepers), marketisation could further disadvantage them.

If it is fair to summarise, perhaps we can suggest that the key informants referred to in this chapter were attempting to "negotiate" ways through a variety of different currents of ideas and demands. They were accommodating both the requirements of Islam and the practical necessities of working in a society where politics, markets and individualism play powerful roles. They seemed on the whole to have maintained a sense of commitment to low-income groups and to core religious beliefs, but sometimes moderated this with pragmatism or an acceptance of modern economic phenomena.

CHAPTER SIX

PERCEPTIONS OF LOCAL PRACTICES AND ISLAMIC HOUSING

6.1. Introduction

This chapter presents findings from studies in a specific area, including a "case study" on households undertaken in Chukai Town in Kemaman District. Profiles of the State of Terengganu, Kemaman District and the study area are given in section 2. Section three then covers the fieldwork, and section 4 concludes the chapter. Matters of interest include the impact of Islam on state policy and administration in housing, the roles of "gatekeepers", and affordability. A number of initial hypotheses helped shape the enquiry. Firstly, Terengganu itself would provide a potentially good location for understanding perceptions towards housing in a community with a Muslim majority, a political system dominated by Muslim elected representatives, and a bureaucracy manned by Muslims. It might be expected to offer strong examples of sensitivity to Islamic values. Secondly, it was thought that perceptions of political patronage and influence might be reflected to some extent at "grass roots". Thirdly, a local study could perhaps confirm the significance of financing, land, competition and access, through looking at local experiences, and indicate any impact of Islam on views of current practices here.

6.1.1. Sources, locations and methods

Background data were obtained from the State Secretariat Office and State Economic Planning Unit (UPEN), both in Kuala Terengganu, from Kemaman District Office and Kemaman District Council Office, and from a key housing developer in Chukai Town. Information covered policy matters, strategy and plans relevant to the study area.

Fieldwork concentrated on households in two types of sites in Chukai Town: in public low-cost schemes (PAKR), and in traditional villages. For the first category, two public low-cost schemes were chosen: Fikri Low-Cost Scheme (PAKR Fikri) and Gong Limau II Low-Cost Scheme (PAKR Gong Limau II). These PAKR schemes were selected for a number of reasons. The first, comprising single unit houses, was originally intended for resettlement of low-income families in Chukai County. This scheme offered distinctive low-cost housing features such as separated housing units and compound houses with big plot space ("lavish" residence setting by PAKR standards). In contrast, the PAKR Gong Limau II is standard plan low-cost terrace housing without the features of PAKR Fikri, and located in a traditional village with some other modern houses, near schools and town centre (Gong Limau). It was hoped to reach informants with similar income backgrounds but different experiences in terms of neighbourhoods and housing form. The second category comprised families living in traditional villages in the heart of Chukai Town; Kampung Limbong, Kampung Banggol Kiri, Kampung Banggol Kanan and Kampung Tengah. These were traditionally fishing villages. Families here were "squatters" on private land.

Face to face interviews involved male heads of families, in line with Islamic (and cultural) ethics which restrict men (outsiders) talking to women (especially in situations where husbands are not at home). Where home visits initially encountered women, interviews were not conducted, except in three cases where held in the presence of their adult children. In fact in most cases husbands and wives participated together. Observation was also used; for example, in situations where questions would cause embarrassment, such as over the number of rooms, or over conditions of housing in traditional villages. There were two interviews done with groups of informants. All interviews were conducted by the researcher himself. Where required, the researcher sought assistance from key local informants as contact persons to arrange for interviews with heads of families.

Interviews faced constraints. One problem related to times available. Interviews could only be conducted after 4 o'clock in the afternoon when (most) husbands were at home after work, except on Fridays when interviews could be conducted all day. This exacerbated problems of scheduling posed by geographical distances and postponed interviews with "influentials" (see previous chapter). Respondents were cautious because of previous incidences of bogus interviewers or salesmen. The researcher was also informed that there had been similar interviews conducted by university students in the Gong Limau II PAKR Scheme. Furthermore, several interviewees feared that the interviewer was a government agent trying to gather information about attitudes towards the government. Their suspicions were overcome partly through documentary evidence, such as the letter from the State Secretary Office which approved the study, and the letter from the University of Leeds (albeit that this letter was in English). The researcher regularly being present in these housing schemes also helped to clear suspicions.

6.2. Profiles of State, District and case study area

6.2.1. The State of Terengganu

Socially and politically, Terengganu is one of the strongholds of Islam in Malaysia. Ninety-four percent of its estimated population of 817,400 (UPEN: Basic Statistics,1993a) are Muslim and mainly Malays, 5 percent Chinese, and 0.5 percent Indian. Overall, 56.2 percent are urban dwellers and 43.8 percent rural (national averages are 43 percent and 57 percent respectively [UPEN,1993a]). Islam is accorded a central constitutional position, although all other religions may be practised "in peace and harmony by the persons professing them". The Head of the Religion of the State is "His Royal Highness" and there is a "Council of Religion and Malay Customs.."(see Constitution of Terengganu,p.30).

The state has both industrial dynamism and an agricultural community; heavy industries, and a large fishing population. Employment in agriculture, fisheries and livestock is 33.3 percent of the total. Average household income in 1993 was estimated at about RM\$978.5 per month (UPEN,1993a). State land is still abundant, with 45 percent under permanent forest reserves and government land forest.

State politics is a rivalry between two dominant parties: the National Front (BN) and Pan Islamic Party (PAS). A "Spirit 46" party (a splinter group from the United Malay National Organisation (UMNO) formed after UMNO's leadership crisis in 1988, which teamed up with PAS as an opposition front)¹⁶⁹ is less influential. The National Front (a coalition of several political parties) has ruled the state since the 1960s. In the 1995 General Election, the Front won 25 and the PAS 7 constituencies in the State Assembly. Any political infiltration in the bureaucracy might reflect the appointment system of the State Service Commission under the advice of the "Menteri Besar" (Chief Minister), as laid out in the state constitution (p.46), but state employees are supposed to be treated impartially as far as "race" is concerned. There is also some assumption conventionally about employees having a neutral position in affairs of the state (a code of neutrality).

Administration is decentralised into seven districts. The overall head of administration is the State Secretary, and each district is headed by a District Officer (DO), supported by grass-roots institutions: namely county chief officer (penghulu mukim), village head (ketua kampong) and Village Security and Development Committees (JKKKs). For example, in the Kemaman District, under the DO are 12 counties each headed by a chief officer, and 51 JKKKs representing 170 villages (District Office, "Information Pamphlet", 1994; "Briefing Notes",1994).

¹⁶⁹This party was dissolved in August 1996 and its members rejoined UMNO.

6.2.1.1. Control over low-cost housing

In Kemaman the district office is responsible for land identification for housing, and approval of conversion of land titles. Kemaman District Council is empowered with approval authority in land-use planning and building plans. The District Officer is, however, a member of the district housing committee, while officers from the council are not. The role of the District Officer¹⁷⁰ in land matters suggests the DO is one of the power centres in distribution of low-cost houses. Discussions with the Officer and his assistants, however, indicated otherwise. Power, it seemed was not with administrators, but with politicians¹⁷¹.

The decisive role of politicians was also reported by another informant, who claimed that the final decision on who got PAKR units of subdivided land was the prerogative of politicians. A politician in the selection committee could overrule the final lists of candidates prepared by official committee members.

In practice, different committees deal with allocation and distribution of low-cost houses. One deals with the privatisation scheme and the other with public low-cost housing. The committee in charge of privatised low-cost housing, the "Committee for Selection of Housebuyers", comprises the state finance officer as chairman, the DO and the elected representative of the constituency. The other committee, the "Committee for Distribution/Allocation of Public Low-cost Houses", comprises the state finance officer as chairman, the DO, the (political) chairman of the committee for

¹⁷⁰The position of District Officer is described by Tilman as embedded with dilemmas: viewed as a post office for receiving government policies and for transmitting upward information and intelligence about his district. Describing relationships between a DO and a locally elected leader, Tilman argued for dependence more "upon the relative dominance of personalities, than upon any institutional factors... Where a locally elected leader dominates, the DO is likely to slip into the background... But where the DO is predominant the structure of government permits a form of direction". [1964,p.118]

¹⁷¹The politician and civil servant's relationship is discussed by Puthuchery. She argues "although politician-civil servants relations have generally been cordial at the national level this has not been the case at lower levels of government". (1978, especially Chapter 4).

urban and rural development of the State Executive Council (EXCO), and the elected representative of the constituency, with State Economic Development Corporation (SEDC) (housing division) acting as secretariat. The marked difference between the two committees is that the committee that deals with PAKR contains more political representation and a powerful political figure. A politician might feel that failure to meet the expectations of supporters would be dangerous. Any dominant political interest in local decision making would mean that civil servants at the ground level would have to give co-operation and render services to local elected representatives¹⁷².

6.2.1.2. Housing policy

State concern with distribution and ownership was indicated in official goals. These included ensuring low-income families access to housing according to means and affordability, reducing numbers of families squatting, and "to restructure society by way of housing distribution" (State Economic Planning Unit, 1994 Information Paper). From 1971 to 1996 the State spent about RM\$157.08 million to build 7,454 units of low-cost houses. (See Appendix 6.1), although the quantity of PAKR produced did not match growth in population, and there was a reduction in output from the MP3 period to MP6. It is likely that self-build housing was more significant (for data on growth see UPEN, 1991). The relative popularity of PAKR was difficult to determine (but affordability and attachment to village tradition would be potential variables).

State housing programmes have included "sites and services" for families with monthly incomes between RM\$300.00 and RM\$500.00; the public low-cost programme (PAKR) for families with monthly incomes between RM\$500.00 and RM\$800.00; a housing programme for the very poor whose income is below RM\$175.00 per month; flats for rent for families with incomes less than RM\$500.00

¹⁷²See Prime Minister's speech in the District Officers Conference, held in the Implementation and Co-ordination Unit, Kuala Lumpur, 1989.

per month; a grouped land scheme in rural areas where land owners build their own houses with the state providing basic minimum infrastructure; a housing programme by private developers; and a financing scheme where families were assisted by non-interest bearing loans of RM\$7,500.00. These housing programmes mostly seemed welfare-orientated and income-targeted.

In the larger "private market", access to housing is mainly a function of purchasing power, but developers have faced requirements to allocate specific land areas for low-cost housing in mixed housing projects. This means that ideally some low-income housing has been integrated into total housing development, apparently encouraging social "integration". Liberalisation of the low-cost housing market has been evidenced by state government privatisation plans. Government now provides land and developers are required either to build all low-income housing or a mixed development (cf discussion below on the State Heritage Trust Fund). Conditions stipulate that low-cost units are meant to be for the Bumiputra, with family monthly incomes of RM\$2,500 and below. The majority of Bumiputra, however, have incomes on average of about RM\$650¹⁷³. From developers' perspectives, income benchmarks allow flexibility to select buyers having "financial worth", thus avoiding being entangled with unsold houses, or problems of inability to service loans. Even though the official Selection Committee is expected to oversee conditions and ensure the right Bumiputra are helped, private bank financing may be crucial¹⁷⁴.

A recently-created arm of State Government is the Heritage Trust Fund, aimed at providing alternative support for low-cost housing. It is endowed with large land

¹⁷³A 1984 income survey by Kemaman District Council showed that Bumiputra in the council area had an average income of RM\$646.30 (MDK, 1987). (cf UPEN average income of RM\$978.5, see p.4.).

¹⁷⁴Under privatisation schemes, low-cost buyers will have to raise loans from commercial banks. The current interest charge of 10% means that for a RM\$25,000 loan for 10 years, a monthly installment repayment is about RM\$230.00. In contrast under the government hire purchase scheme, a monthly installment repayment is between RM\$80.00 and RM\$120.00 at 5% interest for 10 to 15 years. Malay families in Chukai Town, whose income on average is RM\$400.00 a month, would have to spend more than half of their incomes paying for housing; but banks will not give them loans anyway because of their financial unworthiness.

stocks, enabling it to form joint ventures with private developers. Membership¹⁷⁵ of the Fund's governing body reflects its significance. Its operation as a profit-orientated corporate organisation is allied with creating a revolving fund for use by future generations (State Finance Office, 21 October, 1995). For the PAKR funded by the Trust Fund, low-income house buyers arrange financing with commercial banks, instead of enjoying low interest financing under the hire-purchase scheme. The Trust's joint-venture policy should attract more private developers and capital into building low-cost houses, but the burden is increased for low-income families. Whereas under the hire purchase scheme, housebuyers are charged 5.5 percent¹⁷⁶ interest for PAKR, under the new policy they pay 10 percent to banks.

In Terengganu, much land supply for low-cost housing will be regulated by commercial viability. Availability under the land subdivision scheme could be adversely affected. The Trust Fund might even grow into a monopoly. It has a pre-fixed return on equity of between 10 and 20 percent imposed on developers from sale of houses, and the price ceiling of RM\$25,000 enjoyed by low-income buyers prior to this policy would most likely be eliminated.

Exploitative commercial values of monopoly are opposed by Islamic systems¹⁷⁷, and present policies might denote insensitivity about the way of Islam. New policies run contrary to an Islamic system which requires the state to prudently manage resources to benefit its people, notably the weaker members of society. At least this

¹⁷⁵Its board of trustees consists of: the Chief Minister as chairman, State Secretary as deputy chairman, State Financial Officer (or his representative), State Legal Officer (or his representative), 2 members of the State Executive Council, and 4 members to be appointed by State Authority. (See Enactment No. 2 of 1990.)

¹⁷⁶One official informant in the state administration interpreted a 5.5% interest rate under the PAKRs hire purchase scheme as a service charge to pay for administration.

¹⁷⁷Muhammad Abdul Mun'im Al-Jammal for instance argues Islam strongly opposed monopoly and considered it "haram" (forbidden), and there was a responsibility of the state to intervene and eliminate it. The hadith of the Prophet says "who so ever practice monopoly (ikhtikar) with a motive to sell goods for higher prices to Muslims, such person is committing an offence". [See Al-Jammal, 1992, pp.162-176].

could be argued following the view of the populist school of thought of Abu Sulayman about property rights and distribution (see Chapter 4).

6.2.2. Kemaman District

Kemaman is densely populated, with 121,866 people in 1993. Malays constitute a majority (89.1 percent), with Chinese (9.3 percent), Indian (1.1 percent) and others (0.05 percent). The district has major industries (mainly petroleum-based, steel plants, a titanium plant and light manufacturing activities). It is seen as a prime mover of the state economy and important source of employment. The district also has one of the largest shares of the fishing community, numbering about 1,477 people (19.1 percent of the total state fishing community) (UPEN,1993). Differing employment settings provide varying levels of affordability among fixed income employees in public and private sectors, and non-fixed income employees, in fishing.

The national census on housing stock shows a large number of vacancies in Kemaman. (This also holds for Malaysia as a whole¹⁷⁸). The estimate of total living quarters was 25,801 units, out of which 21,651 were occupied (Department of Statistics Malaysia,1991). This gives an initial impression that there is no problem of housing shortages, but there could be localised problems. Vacancies in rural areas, for instance, might be due to rural-urban migration. More important, crude numbers do not indicate whether or not there is a shortage at decent standards of quality.

In 1967-1993, the State Economic Development Corporation (SEDC) built 1,443 units of low-cost houses, comprising 994 single unit and 449 terrace houses (District Office information). During the same period, private sector housing provided 1,431 units. Private sector participation has reflected policy trends. For instance, between 1994 and 1996, 8,825 units of low-cost, medium-cost and high cost were planned for

¹⁷⁸See Preliminary Count Report of the Population and Housing Census of Malaysia 1991, Department of Statistics Malaysia, 1993.

private construction, including 5,650 units under privatisation. Kemaman District also illustrates the policy of self-build housing and land-subdivision. For example, under the MP6 (1991-95), 3,448 lots were sub-divided and provided with infrastructure (electricity, water and roads), compared with only 100 units provided for PAKR. Housing for very poor families is another area of action. Under this programme, dilapidated houses (mostly rural) have been rehabilitated or even replaced. Families were given financial assistance for new construction or rehabilitation (District Office information). (By 1994, for 603 units.) Allocations were distributed by state assembly constituencies instead of under the control of the District Officer.

6.2.3. Chukai Town :the case study site

Chukai Town, the district headquarters of Kemaman District, was selected as a case study area for several reasons. The town possessed a range of socio-economic conditions, and a strong Islamic tradition. It was rapidly urbanising, has had immigration, urban renewal seemed a priority locally, and there could be an opportunity to consider aspects of resettlement policy. Industrial developments were increasing pressures for housing, adding to "normal" needs for the local population such as public employees, small traders, retailers, and the fishing community.

The town has the highest population concentration in Kemaman District, with 17,375 people in 1991¹⁷⁹: 80 percent Malays, 19 percent Chinese and 1 percent Indian (MDK[a],1987). The ratio of households to a housing unit is 1.05, and average household size is 4.06, (each less than the national average of 1.5 and 5.5 respectively (MDK[b])). It was estimated in 1995 that 61 percent were in the working age category, 4 percent in the category of pensioner, and 35 percent in the non-working age category (MDK[b],1987)¹⁸⁰. Employment is in agriculture (21 percent)¹⁸¹, manufacturing (24

¹⁷⁹ Author's estimate from official data.

¹⁸⁰In the Investigation Report for Kemaman District Council Structure Plan, age structure was divided as follows: (1) 0-14 years as below working age group, (2) 15-64 years as working age group, and (3) 65 and above as pensioner group. However, current employment policy in Malaysia has set 55 as retirement age.

percent), construction (12 percent), commerce (14 percent), transport and communications (4 percent) and services, public amenities and others (25 percent). Expected increases in numbers in the working-age category, and employment in high-income sectors, could have great impact on demand for housing (for more on incomes see Appendix 6.2¹⁸²). As regards affordability, a 1985 survey showed that 57.9 percent could only afford a low-cost house and 5.9 percent could afford high cost houses of RM\$100,000 and over. Spending patterns indicated that 77 percent of households spent 30 percent of their incomes for housing. More recent comparable data were not available.

Politically, Chukai Town is an interesting constituency with a power balance between the National Front (ruling party) and the Spirit 46/PAS coalition, although the ruling party had a small majority in the general election in 1995. Perhaps housing could have become a strategic political issue, offering political mileage for the ruling party to ensure continuing support from the voters. This possibility, indicated by initial contacts and previous knowledge of the researcher, added to the interest in locating the case study here. Political "need" might mean that politics would be a more visible part of gatekeeping activity. For Chukai constituency, furthermore, the Chief Minister of Terengganu was the elected representative, so administration was likely to have had closer power links to politics, and to institutions such as the Village Security and Development Committee (JKKK)¹⁸³.

¹⁸¹The 1980 employment report (cited in MDK Structure Plan) grouped agriculture and fishery under one category. This group constituted 4,194 or (31%) from a total employment of 13,602. In Chukai Town, the traditional villages- Kampung Injin Gergaji, Kampung Limbong, Kampung Tengah and Kampung Geliga are mainly inhabited by fishing communities. This is based on observation of numbers of fishing boats in these villages at the time of conducting the field survey.

¹⁸²Income distribution by ethnic groups shows variation. Poverty is highest among Malays. By virtue of low-income, Malay families constituted the majority residents of the PAKRs in the study areas.

¹⁸³A JKKK is a two-tier power and administrative hierarchy. The highest in the tier represent an authority-laden core with members comprising politicians- the parliamentary representative and state assembly representatives of a constituency - with the district officer and the head of a county representing public administration. This power echelon "controls" all the JKKKs in the district under their auspices. The second tier is the operating body of the JKKK subdivided into several bureau and headed by a head of a village as a chairman. As a village head, and assuming a task of chairman, this is a political appointee. The whole set-up of

As regards housing conditions, reports by Kemaman District Council have shown that 71 percent of houses were wooden houses and 29 percent mixed structures from wood and concrete (MDK,1987[b]). 91 percent were in good condition, 7 percent at their early stage of dilapidation and 2 percent in dilapidated stage (MDK[b]). Forty percent were rented, 52 percent owner-occupied, 6 percent government quarters and 2 percent in other forms of ownership (MDK[b]). Squatter houses were mainly in traditional villages and constituted about 13 percent of the total stock (MDK[b]). Local projections indicated that, by the year 2005, 5,200 accommodation units would be required in Chukai Town. It seems that land has not been a constraint in overall terms as the state has considerable land in Chukai Town (with 30 percent under state reserve, 35 percent state-owned but not considered as state reserve, and 35 percent under private ownership) (MDK,1987[a]). Undeveloped state land could offer the authorities potential flexibility in providing affordable housing (such as through conversion to waqf land).

Any impact of increased incomes on housing affordability might be lessened by trends in house prices. For example, an MDK (1987b) report revealed house price rises at an annual rate of 5 percent.

6.3. Fieldwork

Respondents for 41 households were interviewed: 18 from PAKRs Gong Limau II and Kampung Fikri low-cost schemes (Group I), and 23 from three traditional urban villages (Group II)¹⁸⁴. All were randomly selected, except two respondents in Gong

the JKKK is in effect a political instrument. By its origin, nature of establishment, objectives and roles, a JKKK could be argued to be acting as "eyes and ears, mouth, hands and mind of the ruling party."

¹⁸⁴This includes a respondent from Kampong Dusun Nyoir, which was not in the early schedule of this study. The researcher visited the village to see a "disputed" low-cost housing project for families affected by urban renewal project mentioned by several informants in the interviews. In the visit the researcher called at one of the families who then participated in interview. (See ER13.)

Limau II PAKR pre-arranged by a third party intermediary. Resident populations in the two public low-cost schemes comprised 84 families and 129 families. The traditional villages had a population of 211 families; 61 families in Kampung Sungai Limbong, 37 families in Kampung Banggol (including Kampung Tuan/Injin Gergaji) and 113 families in Kampung Tengah (MDK,1987[b]). These villages were located on the fringe of the Limbong River and Kemaman River and in the heart of Chukai Town. The houses were wooden, with zinc and asbestos roofs. Most, especially in Kampung Limbong and Kampung Tengah, were in dilapidated condition. The houses were sandwiched between modern office complexes and modern shophouses. The characteristics of a fishing community were prevalent in these villages, although the number in fishing would be less than it used to be, according to informants. The inhabitants included small-time traders and retailers, odd-job doers, office and factory workers, etc. In Kampong Limbong, according to informants, a majority of the residents are women and some are widows (making it difficult to interview there).

Respondents indicated the lands that they lived on (especially in Kampong Limbong and Kampung Banggol Kanan) were owned by a few landlords. Informants did not consider themselves squatters, since they paid land rent. Rental charges for land ranged from RM\$10.00 per year to RM\$36.00 per month. Some older tenants felt the landlords had been considerate in not "revising" the rents since they had settled down and started life in these villages. Housing tenure comprised 70 percent owner occupiers (albeit with a land-rent to pay) and 30 percent rentals. The housing rent charges seemed to be fairly standard at RM\$50.00 per month. According to five respondents, with urban renewal, the state had acquired the land and they were promised resettlement in the Dusun Nyoir flats houses or in the Mak Lagam land subdivision scheme.

Information acquired from interviews related to a range of variables grouped as follows: status of respondent in a family; age structure; occupation or trade or skill; income; ethnic origin and religion; family size and school-going children; tenure; and

number of applications for low-cost housing. The variables might be relevant to relationships between households, preferences and housing satisfaction. The variables might also provide basic evidence about beneficiaries of PAKRs belonging to low-income groups, etc. Incidences of rental of PAKR units could imply a "leakage" in distribution of low-cost housing (in the survey, there was only one case). The number of applications for PAKR units might give background when trying to discover perceptions of processes and roles of gatekeepers. Religious affiliations would relate to awareness of Islamic values, and to any desire for Islamic housing practices. It also seemed possible that experiences about Islamic housing and values might relate to characteristics (e.g. age) of respondents.

The analysis is arranged by subjects and sometimes in accordance with respondent groups. For the first section below, on social and economic profiles, Group I and Group II respondents have been treated together. For questions as a whole, the survey collected so many comments that only a selection could be given below (see Appendix 6.7)

6.3.1. Social and economic profiles of families

Heads of households interviewed were men except three households where the interviewees were female, one of which was head of household. Ages of heads of households ranged from 27 to 70 years old. The age groups were similarly distributed for heads of families in the PAKRs and the traditional villages. The highest numbers were in the group between 40 and 49 years (about 39 percent of the total households interviewed). The majority of heads of households (73 percent) were in the active working age groups, and most of the children in the families were of school-going age.

Surprisingly, only three people interviewed were fishermen. A majority of households had income below RM\$600 a month. Heads of households were the main bread-winners. Only two families noted they received income support from their sons.

From 17 families who gave income information in the PAKRs, 12 families were in the targeted income groups, while five were outside the income eligibility criteria for low-cost houses. This might have been due to a "leakage" in the distribution system, to access through the help of gatekeepers, to changes in their incomes since their applications, or to their inability to buy medium-cost houses costing more than RM\$40,000.

Households' income level and type of employment are shown in Table 6.1.

**Table 6.1: Income and employment
in PAKRs and Traditional Villages (TV)**

Income Category (RM\$)/Month	PAKR	TV	Type of Employment
Below 299	4	11	odd-job, fishing, small-time retailers, self-employed.
300 - 399	5	2	pensioner, self-employed, labourer, fishing,
400 - 499	1	2	pensioner, labourer, self-employed
500 - 599	1	6	self-employed, labourer
600 - 699	1	0	self-employed
700 - 799	0	0	
800 - 899	1	0	self-employed
900 - 999	3	0	government companies
1000 - 1249	1	1	self-employed, private sector,
Above 1250	0	1	Teacher
Total	17(a)	23	

Notes: (a) One respondent did not disclose the family income.

6.3.2. Affordability in PAKRs

As a majority of families had incomes below RM\$600 per month, capacity to spend on housing seemed limited. Using a 20 percent of income expectation for affordable housing costs, the range was from RM\$60.00 to RM\$120 per month. According to several informants, monthly repayments set by the government in the early years of occupation had been between RM\$70.00 and RM\$80.00. This had been revised later. A revised monthly repayment reported by the informants in the two PAKRs varied between RM\$90.00 and RM\$112. The respondents gave mixed views about this. For families with relatively smaller income of RM\$399 and less, six respondents disapproved of the revision. They claimed they could only afford a monthly repayment between RM\$50.00 and RM\$70.00. As one put it, a monthly repayment of RM\$100 was too high "for self-employed and with no fixed income." An "affordable amount" was RM\$50.00.(HR31). Respondents with incomes of RM\$400 and more viewed the revised repayment as acceptable and within their affordability. One felt that a monthly repayment of RM\$90.00 was not a burden "if compared with RM\$200 in the private sector." (HR41). A repayment above RM\$100 per month¹⁸⁵, however, would apparently affect their sense of affordability.

An interesting feature of interviewees' perspectives was that some seemed to have an uncertain idea about the prices of their units. Prices reported varied greatly, from RM\$17,000 to RM\$40,000. They had some ideas about subsidy on the houses they had bought, but the amounts they mentioned here varied from RM\$3,000 to RM\$5,000. Probably the exact price was not important to respondents, for it involved a long term repayment from 15 to 20 years. One even stated: what mattered to them was the immediate conveniences, benefits, and costs. There was evidence of general satisfaction over price or payments from several informants (HR38, HR37, HR35,

¹⁸⁵According to several respondents, the State government was to introduce another repayment revision, to increase cost to RM\$115.00 monthly. Assuming family income remained unchanged or only minimally increased, this would have serious repercussions for a family budget.

HR31, HR24, HR2). Uncertainties of state housing policy or administration, and dissatisfaction with arrangements were reflected, however, in a few respondents' comments (HR29, HR36).

6.3.3. Affordability in traditional villages

While families in the traditional villages were not affected by the same problem, they were concerned about whether they could afford to pay monthly installments higher than they pay for housing now, if they moved to a PAKR scheme. The rental in the villages was relatively cheaper, at an average of RM\$50.00 per month compared with rental charges in the PAKRs (in one case about RM\$200.00 per month according to a renting respondent), or the monthly installments in PAKRs. The view of an informant explained the feeling about affordable rented housing:

"I pay a monthly rent of RM\$50.00 (many years ago, it was only RM\$15.00). Even though I am a tenant, but the property is under my name. If I do not want to live in this house, I can hand back this house to the owner." (HR7);

A different scenario applied for families with higher incomes. With incomes of RM\$500-599 and above, a slightly higher payment could be afforded from RM\$80.00 to RM\$120 per month. Some families that lived in their own houses had inherited from parents and grandparents, and only paid land rent to land owners of between RM\$10.00 and RM\$15.00 per year. The highest land rent paid was RM\$36.00 per year. Such families would have strong reasons to worry if required to move out from the villages by the state authority to make way for urban renewal projects. Although apparently promised PAKR flat houses in other areas of Chukai Town, they felt they could not afford to spend more than RM\$50.00 monthly for housing.

Limited affordability for families in traditional villages raised a question about practical constraints on selection into the PAKRs, perhaps undermining the argument about the importance of gatekeepers in selection of PAKRs buyers. On the other hand,

income distribution in the two household groups showed similarities; 43 percent of families in traditional villages and 41 percent of families in PAKRs having incomes between RM\$300 and RM\$599.

6.3.4. Savings and banks

The questions asked here were about savings, preferences for particular banks and attitudes towards Islamic financing. The objective was to examine attitudes of low-income families towards savings, etc. On a small scale, this section attempts to identify if and how financing could benefit from mobilising people's own resources, and to consider Bank Islam's role.

About 90 percent of respondents informed the interviewer that they had savings with banks. In addition to these savings, 5 percent of respondents had other capital (mainly shares). Not all respondents revealed the amounts of savings they had. Table 6.2 shows banks that families deposited their savings with, and reasons for selecting a particular bank. Top of the table of preferences are Bank Bumiputra and Malayan Banking, for reasons such as having established banks in Chukai Town, or reliability, and National Saving Bank, being the government bank.

When asked whether money from savings was necessary for purchase of a house, the majority view was that was so; for deposits, advance payment, and for other spending. Only two respondents were of the view that savings were unnecessary, as they felt that purchasing a government house did not require a large sum or downpayment (HR30) (HR28).

Table 6.2: Chosen bank for depositing savings

Institution	Respondents	Reasons for Preference
Malayan Banking	7	Established bank and assumed reliable, many branches so "easy for transactions".
Bank Bumiputra	14	Established to help Bumiputra, so "must give support to the bank"; many branches easy for transactions.
Bank Simpanan Nasional (National Saving Bank)	4	Government bank and many branches.
Perwira Habib Bank	4	No particular reason. A few mentioned the bank as their first bank.
Bank Islam Malaysia Bhd.	2	Non-interest bank.
LUTH(5)	2	No reason given
Arab Malaysian Bank	1	Efficient
Bank Pertanian	1	near to home.
Total	35	

Notes:

- (1) Four respondents did not have savings. So they have no idea about banks;
- (2) One respondent claimed to have no interest in banks and did not want to get exposed to bank transactions;
- (3) One respondent mentioned no preference for any bank.
- (4) All the banks mentioned operate in Chukai Town.
- (5) LUTH is not a bank. It is a deposit receiving institution mainly for doing pilgrimage to Mekah.

6.3.5. Attitudes towards "Bank Islam" and Islamic banking and financing

Only 6 percent of respondents showed interest in Bank Islam, and several did not even know where Bank Islam was located, or of its existence in their areas. It was not surprising therefore, that they did not have knowledge about the bank's non-interest transactions, when a question was posed to them about this. Perhaps Bank Islam has not made its presence known to the "public". When the researcher visited the bank, its location was isolated in the back corner of a building and hidden from view. The researcher's impression was that Bank Islam lacked a visible marketing strategy. Also, perhaps as it was a relatively newly established bank in Chukai Town, customers were less accustomed to its operations.

Despite the informants' lack of connection with Bank Islam's operations, some were critical. In their perceptions, Bank Islam was pursuing similar business objectives like its competitors, conventional commercial banks. For example:

"Bank Islam's housing loan is not much different from conventional banks. Even though no interest charges, but loan is as expensive [as] with other banks. Bank Islam should not charge high profit"(HR18);

"Bank Islam only exist in name"(HR11);

The existence of Bank Islam in their views did not help them to secure access to cheap financing. To several informants, poverty, getting involved in interest bearing loans and observing Islamic rules could not be matched up. Their view was that being poor made them inevitably cling to interest bearing loans, even though unsecured under unforeseen circumstances, and forbidden in Islam. For instance:

"From Islam's rules, usury system is not acceptable and [is] illegal. But if one has no choice, then one has to accept interest bearing loans"(HR17) (see also HR11 and HR12).

In principle, however, many of the respondents admired and welcomed Islamic financing and banking systems, associating them with expectations of cheap loans, etc.:

"Islamic method is the best. Loan is cheap as it does not charge interest and [is] therefore not exploitative"(HR3)(see also HR15, HR4, HR3, HR8, HR1, etc.).

Another noted that:

"Islamic system is good. The question of cheap or expensive loan under Islamic system is a different matter. "Murabahah" is comparatively expensive. For example, a loan of RM\$60,000, a monthly installment is about RM\$1,102.80"(HR14);

Several clearly regarded interest practices as forbidden. One stated, for instance, that "interest is "haram" [forbidden], "even interest paid on savings"(HR31)(cf HR23, HR38);

One expectation was that being interest free, Islamic financing would provide alternatives, be a source of cheap loans, of non-oppression and of a "religiously" clean way in finance transactions. By contrast,

"In Islam, housing which involves [an] interest loan such [a] house is considered "unhealthy" in possession"(HR26).

Nonetheless, some respondents perceived interest as part of economic and business systems in a variety of ways (see HR14, HR13, HR10, HR7, HR3, HR28, HR37, HR19, HR3). There seemed to be a degree of flexibility:

"interest rate is a controversial issue and it is difficult to make a judgement or to define it. It needs to differentiate between the terms interest and dividend"(HR14);

"interest might be acceptable under certain conditions, for example as a profit from doing business or dividend from shares"(HR13);

"Interest is a profit from doing business. In business, it is acceptable to get some profit from lending money"(HR7);

"...interest is not acceptable in Islam...but interest might be acceptable under certain conditions such as profit from doing business, profit/dividend from shares"(HR37);

"interest as a return or profit from doing business...is considered as part of cost-sharing deal"(HR19);

Comments about interest bearing housing loans from the government also indicated a yardstick of acceptable interest practice from some respondents:

"it is acceptable for [an] authority to charge interest on [a] housing loan. The interest rate is still low compared with private housing"(HR10);

"Under [an] Islamic system, government must not impose interest on loan. But government does that..if pay cash this house cost only RM\$15,000 but by installment the deferred price is RM\$28,000"(HR35).

"Government loan is not oppressive because of low-interest charges"(HR20);

Summarising impressions from comments of respondents, we may suggest three conclusions. First, the lack of knowledge or use of Bank Islam contrasted with quite a high level of awareness about general principles of Islamic financing. It seemed the older and younger families were equally knowledgeable about Islam. Secondly, there were some for whom attitudes to "interest" were governed by treating it rather as a "core" issue for Islam; but others who appeared more flexible. Thirdly, there was something of a compromise between Islamic commitment and practicalities of daily life (especially the requirements of economics and the market).

6.3.6. Housing satisfaction, expectations and alternative housing

Slightly different questions were asked about housing satisfaction and expectations for Group I and Group II families. For families in Group I, questions covered experiences in previous houses, reason(s) for moving to PAKRs, comparison of housing conditions in previous and present houses, and views on improvement. For Group II families, questions were limited to present houses and living conditions, preferences and expectations, and views about traditional Malay house design. Group I families were assumed to have had experiences of living in traditional villages and the present PAKRs. Group II families' experiences probably pertained only to traditional houses.

Owning a house was the unanimous preference of traditional village families, but they differed about choice of forms of housing. Twenty families (78 percent) favoured land subdivision and self-build housing as alternatives to PAKR. The claim that conventional housing is less preferred by the poor, because it is assumed expensive, was to some extent verified and qualified by the case of these "urban poor" in Chukai Town. Land subdivision was perceived as a viable and affordable housing method. It allowed flexibility for families to build houses according to affordability, and pay for

land in a lump-sum so that they could spend on building a house progressively according to the money that they had. For example:

"I prefer a piece of land so that I can build a house 'bit by bit' when I have enough money"(HR14).

or:

"...prefer a piece of land and build a house according to affordability. If a ready built house, one has to pay a fixed price and can not afford to raise money to pay for it"(HR12).

For some families who desired a compound or productive garden, land subdivision allowed flexibility for them to plan a suitable house (HR20 and HR22).

A choice for self-build and land subdivision might also be explained partly by experiences of living in a village setting and village community. Most respondents had lived in these villages for more than 15 years. Perhaps this explained the values they attached to self-build houses. The old ideas of building a house "bit by bit" were perceived as a favourable cost-effective way. The preference for land subdivision also seemed to have relevance to the desire to own a single unit house, rather than a terrace house or flat. When asked about house design, they considered PAKRs houses as small and PAKRs flats as inconvenient. Responding to government plans to resettle them in flat houses, they found it difficult to accept lifestyles in high density accommodation and limitations on future extension of the house. There were also issues concerning a social environment of a mixed ethnic community, and religious taboos; "fear" of dogs in public areas, or food and cooking from pork sources. In addition constraints were perceived on public space planning, such as [a] small area for children's playgrounds and location of houses close to busy roads that made children vulnerable to road accidents. For instance:

"In Dusun Nyior flats houses, it is difficult to do extension, no compound and not a lot of differences from traditional houses, limited childrens' playground, safety of children guaranteed because close to main streets. In traditional village, children can play freely"(HR4);

"PAKR house is small. Flats houses worse still and have to mix with non-Muslim...not anti-ethnic but because of religious reasons- dogs, food and cooking etc."(HR5).

Despite these negative views, four respondents expressed preferences for ready-built houses like the PAKRs. Their choice seemed to be influenced by financial factors (such as advantages in term of less upfront money required to pay for a house, and small monthly installments spread over a long repayment period). They felt self-build housing involved a lot of capital and required lump-sum money to pay for land costs, builders, and construction materials. (see HR10, HR9, HR7, HR1). According to one respondent, a PAKR house bought by installments allowed for cash in hand to be deposited for a high return investment. This opportunity would be foregone when money was used to pay for land and building: clearly he found no difficulty in accepting the notion of "interest"!

For interviewees in the PAKRs, previous tenure might provide useful background. Nine families had rented, six had lived with parents or in-laws, three had lived in institutional quarters. There was satisfaction in now being able to own a house. The PAKR units, a "complete" and self-contained house (with attached toilet/bathroom, and in-house piped water) might also contrast with previous dwellings where facilities had been shared, with public toilets, and community wells for sources of domestic water supply. Thus the change might be welcomed:

"the PAKR is more comfortable, well laid-out and with toilet and bathroom in-house"(HR24);

"comparatively, even though the PAKR is smaller than the traditional house I rented before, the satisfaction I derive from [our] own house is more"(HR29).

"prior to this, I lived in a traditional house and the conditions were not as good as the present PAKR"(HR28);

Families in PAKR Fikri were satisfied for being able to own individual unit houses. Some felt they enjoyed a better environment with compound houses. For instance, "the present house is much better for families, land area is spacious"(HR25).

The researcher noted extensions to houses which seemed common in these two housing areas¹⁸⁶. Six houses visited had been extended. The extensions seemed to relate to family sizes as indicated by 5 families who had 4 to 9 persons who lived together. The reasons given for the extensions were mainly to cater for family need for providing bigger spaces. Two rooms, according to these interviewees, were inadequate for a family which was expanding and with growing-up children. In the case of one family (a pensioner husband and wife), the reason for extension seemed more associated with providing comfort and convenience for a married son who visited them very often. There were also strong feelings among parents to effectively separate male and female teenage and adult children in their families, and maintain Islamic values in family lives. Examples of views included:

"We are happy and satisfied with this house. Extension was done to provide more rooms for growing-up children"(HR35);

"I have to extend this house to cater for my family and for my sons and daughters who are growing up now"(HR39);

¹⁸⁶This conforms to findings of a study by the Ministry of Housing and Local Government (1994), in which the report stated "...among the low-rise structures extensions of porches and kitchen were commonly carried out....extensions of living room...additional bedrooms and separation of bathrooms and toilets". (See pp.1-8 of that report for a detailed summary).

6.3.7. Attitudes and behaviour towards neighbours and community

For some observers, hostility, social disorder, tension, vandalism, etc., are features associated with family attitudes and behaviour in low-income communities. In a multi-ethnic society like Malaysia, any study on neighbourhood and attitudes undoubtedly leads to further questions on issues such as racism, class, and gender. The objectives here, however, are very modest. We will touch on perspectives on "building a neighbourhood", in the context of ethnic differences, views of traditional villagers towards non-Malays if themselves offered PAKRs, and whether Islamic values have had an observed influence in the "community" in the PAKRs. The questions asked were about experiences of living in a new community, how it compared with the previous community, the role of the PAKRs scheme, the role of the PAKRs community in helping other poor families get access to low-cost housing, and preferences and choice of selecting new neighbours. The expectation was that these questions might help reveal insights about integration (and the governmental goal of unity through housing programmes). While ethnic composition in the study areas was not representative of the national population, the views of the majority and minority might be of interest.

In PAKR Fikri there were 10 non-Muslim families (Chinese and Indian) from a total of 129 families. In PAKR Gong Limau, there were 4 non-Muslim families (Chinese and Indian) from 84 families. During the survey 5 Chinese families in the PAKR Fikri were visited, but two of them turned down the interviews, apparently for reason that they could not spare their time. Later it was advised by respondents in the neighbourhood that one of these families seldom got involved in the community's activities. Attempts were also made to interview the 3 Chinese families in PAKR Gong Limau, but this failed. A visit was made to an Indian family but received no response. Later another respondent indicated that the family was in distress, as the

husband seldom came back home. That residents knew the problems of their neighbours might be interpreted in a variety of ways!

Survey results suggested that the Malay families in both PAKRs accepted the Chinese and Indian families in their community. If we can rely on their accounts, "the choice and preferences for neighbours" was "not an issue in PAKRs." There was "no difference between" Malays, Chinese and Indian "in Malaysia today"(HR35). Another felt that "PAKRs help build good and cohesive neighbours", because "families from all ethnic backgrounds are integrated in a housing estate"(HR36);

One informant noted that:

"Chinese and Indian families participate in community activities and they hold posts on JKKK Sub-Committees"(HR24);

In both PAKRs, respondents reported they were happy with their neighbours, and some felt that the scheme inspired a cohesive neighbourhood (HR25, HR29, HR30, HR31, HR37, HR38). Views covered a number of issues:

"neighbours are good as though we lived in one family"(HR36);

"very caring and look after other families like own family...just like one family"(R35);

"neighbours participate in neighbourhood cleanliness campaigns and neighbourhood watch"(HR24).

By contrast, one said:

"It becomes a problem to sustain [a] good neighbourhood. I find that residents in this neighbourhood change quite frequently"(HR39).

All three Chinese respondents interviewed expressed their satisfaction with the neighbours. For example, one said "neighbours are good", and "I participate in the community activities"(HR30).

The specific issue about a choice of neighbour, however, generated mixed views from respondents. This seemed to contradict their general assertions mentioned above. Malay families showed inclinations to reside with their Malay neighbours. The reasons offered concerned religious, cultural and language factors. For instance:

"It is easy to communicate with Malays. It is sometimes difficult to understand the Chinese and Indian cultures"(see HR38,HR31,HR40);

"Malays share similar values, custom and practices, but Chinese and Indian different cultures and practices...a problem"(HR39).

"Chinese prayer such as burning scented sticks, the smell is unbearable and very inconvenient"(HR28).

"It is preferable that allocation of PAKR houses be divided by ethnic group- Malay with Malay, Chinese with Chinese. By this way with common culture, custom and religious practices, it makes easy to communicate"(R28).

"I prefer Chinese neighbours because it is easier to communicate. I can also mix with Indian but I do not feel so much attached like with my Chinese neighbours"(HR33).

The attitudes of the Chinese families seemed influenced by the duration they had lived in the community. Two interviewees (HR30 and respondent HR32) had been living in a Malay neighbourhood since their childhoods and over time they had associated themselves with the culture and traditions of the Malays. This was noted by a Malay informant too (HR41).

It is interesting to speculate that - if racism was not a major issue - this fitted well with some respondents' Islamic commitments. Thus:

"Islam does not discriminate [on] ethnic origin. Non-Muslim neighbours are entitled to one right from their Muslim neighbours"¹⁸⁷(HR34);

"Islamic values, Malay tradition and culture do not differentiate and discriminate between neighbours..."(HR36).

Turning now to traditional villages, the ethnic community is more homogeneous. Three interviewees explained their neighbourhoods as follows:

"The village is overcrowded and houses are very close to each other, as you see yourself. There is no boundary and [that] is inconvenient. The situation imposed a constraint on 'freedom' ...has to be extra considerate to neighbours and take a neutral stand"(HR17).

"If any problem a family faced such as fell sick, neighbours offered a helping hand"(HR21,HR3);

"There are no squabbles among family except among children. This is common in any neighbourhood. Parents did not interfere and did not get involved."(HR23).

Feelings of neighbourhood integrity were not shared by another respondent:

"...not all neighbours in this neighbourhood are good. I can't speak my feeling in cases of my children who squabbled with their friends. I keep the dissatisfaction to myself."(HR5).

¹⁸⁷Part of the quotation here is a "hadith" (Prophet's saying). The more accurate narration about rights of neighbours is as follows: "neighbours are of three types: those with three rights, those with two rights and those with one right. Those with three rights are family neighbours and Muslims. Those with two rights are non-family neighbours but Muslims. Those with one right are non-Muslim neighbours. The three rights are right of being a family, right of being a neighbour and right of being a Muslim. The two rights are right of being a neighbour and right of being a Muslim. The one right is a right of being a neighbour". (see Assamarqandi, 1989).

The quality of neighbourhood co-operation was measured by the Malay tradition of "gotong royong" (mutual help). This was still being practised, although with less certainty than in the past:

"mutual help received less support and [there is] little understanding of organisation of works based on village tradition"(HR20) (see also HR10, HR11, HR14).

The researcher came across only one traditional village Chinese family that willingly volunteered to participate in the survey. The interviewee was critical of socialisation into the Malay community in his neighbourhood, although he followed Malay custom. It was learned from one key informant that this man's daughter was converted to Islam and had married a Malay.

To conclude this section, a brief comment is necessary on neighbourhood politics and related forms of participation in community activities. In the PAKR neighbourhoods there were no residents associations as such. There were, however, Village Development and Security Committees (JKKK). The JKKKs were not of residents' own initiation, but formed by the State government and integrated into the district administration. JKKK did not exist in the traditional villages in the case study area, where (according to several respondents), representations were made through either a ruling party branch or opposition parties in the villages.

Although the JKKK were not a direct focus in our study, interviewees' comments highlighted the notion of political affiliation by residents to a ruling party. There were also indications that selection of residents from among government supporters might be an issue. The JKKK seemed to be potentially significant as channels of communication and provision¹⁸⁸. Amongst interesting observations on politics were these:

¹⁸⁸Information was gathered on the JKKK in PAKR Fikri, from the head of the village and from documentary evidence (a JKKK Fikri 1994 Report). Residents' participation in JKKK programmes covered a wide range of

"The role of JKKK is to organise and administer [the] community's activities and [be] a channel to get government assistance for running the activities"(HR34).

"75 percent of the residents of PAKR Fikri are members of UMNO"(HR26);

"the JKKK encouraged the government to build low-cost houses on adjacent land of PAKR Fikri"(R24);

"The JKKK had managed to persuade and influence government in several small projects in the neighbourhood"(R25).

An interviewee with extensive experience in government administration, however, commented:

"government does not even listen to its own professional agencies, what [is] more the JKKK"(R41).

6.3.8. House design, Islamic values, and Malay traditions.

The objectives here were to review ideas about Islamic housing and Malay traditions from grass roots perceptions. In general terms some interviewees favoured a revival of Islamic values, traditions and norms. They did not necessarily perceive these as static, but linked them to situations today. This implied a degree of relativism about values, with recognition of the constraints.

activities represented by nine sub-committees covering youth, women, welfare and solidarity, the education fund, the funeral service, mosque, rural library, nursery education, and minority groups. These were assisted by nine bureau. The records showed that the priority of the JKKK had been for social and socio-economic services for the community, such as improved education, library and nursery. Religious classes (Islamic lessons) were also taught as after-school curriculum.

It seemed reasonable to think of their knowledge about Islam and housing in terms of "technical" values (in respect of requirements of Islamic codes and norms in house design) and widely-known fundamentals (Islamic laws governing conduct of family affairs, gender, etc.). A small number of Muslim informants (about 19 percent) had extensive knowledge in both, while the majority understood the fundamentals. Inevitably, the survey method was incomplete, insofar as it was impossible to obtain separately, women's views. There may have been a "male orientation" in the responses which was potentially especially important on matters touching on socialisation and housing design. In any event, interviewees made references to "women/men separation", to Islam's "demand for separation of women" (HR35), etc. As one put it:

"for men and women to mix freely except husband and wife is morally not nice...need to provide separate guest room"(R38) (see also HR28).

The issue of teenagers' socialisation seemed important among parents, and a conducive house environment apparently might help. Again, gender was important:

"Separation of boy and girl children is a priority. It is important that house design should consider providing more rooms to cater for such need"(HR37);

This would clearly be seen as significant for sleeping space; but beyond that there was not unanimity. One respondent, for instance, viewed separation as detrimental to family relationships at home:

"...separation of family members, boy and girl would not provide a good family relation"(HR28).

Informants were certainly aware of Islamic principles of separation of women and men, and how these might apply for children. For example:

"Within family members it is allowed for boy and girl children to mix together. But for a need of privacy, they have to be separated"(HR41);

The most obvious implication of the "core" principles of separation of women and men, and privacy for family members, was the need for a big and spacious house. Interviewees were doubtful such a requirement could be adopted by low-income families like them. Some respondents in the PAKRs found it difficult to provide enough rooms and privacy for family members and visitors, in a small house:

"Implementing Islamic values and norms for a separate area for men and women is possible for a big house. For a small house it could not be done"(HR31);

"A special room or hall for women is very desirable but is practical [only] in a big house."(HR16);

"while a separate room for women is desirable, a religious requirement should consider the hardship and difficulties because of financial constraints of low-income families to pay for the facilities"(HR4).

In a sense, requirements of affordability and restraints of inadequate incomes frustrated preferences associated with "core" religious values.

Focussing now on design details: as indicated in an earlier chapter, Islamic housing and design revolved around the philosophy of a home as a place of worship. The connotation of a place of worship in a Muslim house is linked to the "Qiblat": the direction Muslims face when they pray. This plays a role as a centre point, guiding lay-out, location of amenities such as toilets, bathroom, etc. Cleanliness is also important. Interviewees showed an interest in the design implications of these issues. For instance:

"A home is a place of worship and to conduct prayers. The design and construction do not give due importance to these elements because of lack of understanding of Al-Qur'an and Prophet's hadiths and traditions. As a result, a prayer room or hall faces a toilet and it is morally unacceptable in Islam"(HR17);

"A toilet must not face the Qiblat. A toilet must be separated from bathroom or it should be located at a corner of the house to ensure cleanliness"(HR4) (also HR11, HR16).

To several respondents, aesthetic values, architecture and decorations were important elements of a Muslim house. Beauty was associated with Islamic housing features:

"A Muslim house emphasises unique architectural attributes such as decorative wood carving on doors and windows, arch roof and other decoration found in roof structure for example "peles"¹⁸⁹ and buah buton"¹⁹⁰"(HR6);

"A Muslim house must have symbols and calligraphic writing of verses of Al-Qur'an as decorations in every room"(R5).

Some respondents, however, felt that architecture, decoration and unique design were not important in Islam:

"Islam does not give priority or importance to uniqueness of design. It is not important."(HR15);

¹⁸⁹Nasir termed "peles" as "papan cantik". In a traditional Malay house, "peles" is a piece of crafted long plank which is fixed to the foot of a roof. There were other names for "peles" such as "cepu kasau" or "tumpu kasau" (which refers to fascia). "Peles" craft, according to Nasir was popular in Terengganu and Kelantan. Similar craft was found in a traditional mosque which had two or three levels of roof. (See Nasir, 1986).

¹⁹⁰"Buton" is a piece of crafted wood which measured approximately 60 cm to 100 cm and was fixed to the top of a roof. According to Nasir, "buton" was commonly found in traditional Malay houses with "bumbung limas" (pyramidal roof), especially in Terengganu, Kelantan, Kedah and Johor. "Buton" was claimed to symbolise a functional structure, similar to that found in a tombstone. It was believed that, "buton" symbolised a dynamism of human life. Some people believed that if "buton" fell from the roof or was struck by lightning, it would bring mischief to the whole family. (Nasir, 1986; see also Yuan, 1987).

"Unique architecture and design and decoration are not important. The more important is to give emphasis to providing other necessities such as a guest room, a prayer room"(HR8).

It seemed that not all interviewees drew a clear line between religious and more ethnically or culturally specific heritages.

As regards the traditional open space architecture of a Malay house, respondents rejected such a concept as impractical in modern times. The impracticality is associated with many factors. It might conflict with the need for privacy, including that of female and male children, and create other difficulties too. For instance, the "use of spring boards or [a] big cloth curtain as convertible room as used in the past" could give rise to "routine and maintenance problems"(HR34, HR5, both female respondents). Some remarks also echoed themes of vulnerability found in Western urban societies:

"...open space, people could have open view of the home. In a way it is insecure and vulnerable such as [to] theft"(HR26).

The traditional Malay house was also perceived by some interviewees as obsolete, and not following the trend of modern day lifestyles. They believed families were now exposed to developments in foreign countries and set their own preferences for new things and ideas. House design could adapt to international values, ethnic practices and cultures. As one made clear, house design need not necessarily and exclusively favour Islamic values:

"the trend of house design today follows international styles and [is] not necessarily meant for Muslims alone, but has to adapt to the needs of cultures and traditions of

others too. The values and norms would be implementable where the areas are inhabited completely by Malays"(HR35);

There were mixed views about how far the traditional forms had catered for visitors, an important issue for some interviewees. For instance:

"In Malay culture, for relatives that come from a distance away to visit...normally invited to stay overnight...open space house posed problem of privacy"(HR35);

but:

"if guests come to visit, it is convenient for them and the host"(R13).

There was also a gender dimension here:

"For men, they are very informal. The space for them to sleep and rest can be provided anywhere, at a veranda or even outside the house in the booth. In fact men do not require [a] guest room at all"(HR4). [cf Interview with official informant, ER6].

More generally, there could be a problem today in low-cost housing:

"the house is small, if relatives come to visit and stay overnight, they have to sleep in the lounge"(HR29).

In general terms, we may summarise by noting some families preferences for integrating new ideas in housing while maintaining Islamic values, but scepticism about the traditional open space house as a preferred form for Muslims. Its revival as alternative housing for the poor seems to have bleak prospects.

6.3.9. Awareness of housing policy, access and selection issues

One plausible hypothesis might have been that the more aware individuals were of policies, the greater would be their accessibility to PAKRs. Surprisingly, however, only a minority of the families who benefited from the PAKRs had been particularly well informed about housing policy. By contrast, residents in traditional villages showed greater awareness of government housing policy. Their information had come from the mass media (most important), politicians, government agencies and friends (see Appendix 6.3 - 6.5). Although the data were limited, interviews suggested that government agencies and politicians played less significant roles in disseminating public policy than might be expected, nor were JKKs obviously operating here as instruments to educate residents. It might still have been the case, however, that politicians supplied information selectively (remembering the views of "influentials" noted in Chapter 5).

It was difficult to ascertain a relationship between awareness of policy and interest in applying for PAKRs. In traditional villages, a possible explanation for persistent applications by certain families would have been their desire to own a house, probably of better standard than the houses they were renting. Income profiles suggested that affordability had also probably influenced their decisions. (Renting families who had not applied for PAKRs were mostly in the income category of RM\$299 and lower.) The affordability factor might seem to have undermined assertions about the role of gatekeepers, but data on unsuccessful applicants indicated some had had incomes of more than RM\$500. For families in PAKRs, there were several cases where multiple applications for accommodation had been made, suggesting that success might have been influenced by persistence, one application having been successful only at the seventh attempt.

Respondents from the traditional villages, when asked about selection of candidates for PAKRs, associated success with "favouratism", "nepotism", "political connection" and "being government supporters". The terms they used included "his men", "their men", and "strong men of politics", to describe those successful in acquiring PAKRs. Their views seemed to relate to observed patterns when examined alongside data on those who benefited from PAKRs: 61 percent were supporters of the National Front (UMNO and MCA) and had received help from elected representatives and/or a chief minister. If the roles of a District Officer (DO) and other government officials had been interpreted as part of politics, the percentage would have increased to 89 percent. It may be that associating with party politics is important for getting help (although relying on informants' own claims about being party supporters is not the same as "hard" evidence). Relevant observations from informants included:

"...strong supporters of party politics (government party) were the ones that received a lot of assistance and benefits but not those who associated with community organisation"(HR7);

"joining a community organisation does help but it must be a political organisation of government and not other organisations"(HR6).

Associating political connection with success in acquiring PAKRs, however, requires caution. Despite being helped by elected representatives and government officials, 7 respondents (33 percent) in the traditional villages who were supporters of UMNO were unsuccessful in acquiring PAKRs. Even in the two PAKRs, 5 respondents (28 percent) were not affiliated with the government party (if we assume that non-disclosure of political affiliation meant a non-supporter). Two of these gained access without help either from elected representatives or government officials, and two gained access with the help of government officials.

Nonetheless, the views of PAKR interviewees strengthened the impression of the role of political connections. Describing his experience after six successive failures

(attributed to not getting political support), one respondent explained that the seventh time he had been successful:

"Islam dislikes a Muslim to give-up easily...Must know the right contact person and must support a certain organisation, otherwise your name will be struck off from the list"(HR24);

Others stated:

"The correct organisation in order to get help is to join UMNO"(HR27);

"Political influence is very strong...90 percent who gained from PAKR are politically active people"(HR41).

The explanation by respondent HR24 about the process of identifying and endorsing applicants for PAKR clarified the role of administration in the selection process. From his perspective it seemed to be a "bottom-up process" involving village head, county head and District Officer. The process started from interaction between village head and applicants. This might have been a critical stage for success or failure. In the view of some respondents, if a village head provided "false information" about the applicants to their advantage, then opportunity was created. An example given was income. If an applicant submitted information on income of say RM\$500, but in actual fact owned a car, and if the village head transmitted the information to a county head and to a District Officer without vetting and scrutiny, then the applicant stood a better chance. By virtue of that, other "rightful" applicants would be affected. This "bottom-up process" - as far as can be ascertained in a small study - introduced levels in a "gatekeepers" hierarchy; a village chief and a county chief that supplied and controlled vital information.

For some respondents there could be attitudes of frustration towards politicians, who were seen as discriminating against the poor and making "lavish promises":

"government breaks its promise to help the poor families affected by urban renewal. Government promised to give land plots under rehousing scheme. Those who benefited were members of JKKK and their colleagues"(HR13) (See also HR3 and HR8)

There were also views that associated the beneficiaries of PAKR with well-to-do families, and "those already in possession of 2 or 3 houses"(HR5). One noted that "in Kijal County, PAKR were meant for fishing communities", but those who had acquired them were "families having cars"(HR12).

The views of some respondents dissatisfied with politicians could be linked to feelings about ethnicity, perhaps encouraged by queuing for housing and deprivation. For instance:

"in the last general election Chinese families were given land plots for housing but the poor Malay squatter families in Kampung Limbong did not get anything from the government. Promise remained a promise. As such Malays become immigrants in their own country"(HR12);

"the Dusun Nyior PAKR, first promised to give to Malay families affected by urban renewal projects, but there was a shift in the policy and it was decided to give to Chinese first and Malay families as second priority"(HR1)¹⁹¹

The role of political affiliation was also noted by interviewees who had never applied for PAKR units. Five out of nine here felt that political links could be involved in selecting candidates. For example, one claimed that "the beneficiaries in most cases

¹⁹¹To seek more information about Dusun Nyior PAKR, the interviewer questioned several persons who claimed to have been actively involved in political campaigns in the 1995 General Election. The interviewer was informed that there had been a "trade-off deal". It was claimed that reversing the promise for families affected by urban renewal was a "reward" for the support the Chinese had given to the ruling party candidate, who was the chief minister.

are government supporters”(HR1), while another referred to “government supporters and relatives of influential people”(HR4).

In overall terms, the main criticism of selection of candidates for PAKR or land subdivision was that it was discriminatory, and unjust to poor families. Views included:

"Selection should not be based on politics. Those who deserve must be given their right such as squatter families in Limbong Traditional Village"(HR8);

"...there were both the poor and the well-to-do families who acquired the PAKRs. Because the well-to-do families benefited from PAKR, the system is very corrupted"(HR20);

"people already have lands but are still successful to get more, whereas the landless never had a chance"(HR3);

"people with the highest affordability, government supporters, relatives of influential people, benefited from PAKRs. After these people's needs have been met, only then it is distributed to the poor. These people deprived others of the opportunities"(HR4);

"...land subdivisions were misused and there is cheating, for example, one of the conditions for eligibility for a land plot must be status of a married couple. But there are cases where singles and people from outside the state were given lands"(HR13);

"...according to the panel, as a fisherman I could not afford to pay for the land. Despite having a recommendation, my application is not accepted because they have their own people in mind"(HR17);

These were some of the descriptions of what were believed by respondents to be malpractices in distribution of low-income housing. One PAKR resident contributed a very lengthy and sophisticated overview:

"From a policy perspective, PAKR is meant for low-income families. But this does not happen in totality. If applicants do not know the politicians or are not close to them, they won't be able to get help or to get access. There should not be favouritism or nepotism. Under the present system, the Malays become some sort of "ball game" as in Kampong Banggol, Kampong Limbong and Kampong Dusun Nyoir. Resettlement has been widely publicised but no action taken until now. There was no proper planning and coordination between politicians and administrators in handling the project. In Kampong Dusun Nyior, original settlers of this village were not given alternative land even though they deserved it. Yet they asked them to move out from the village. Where can they go? From a political perspective, even though families are eligible for PAKR or land plots, if not in the same 'political camp' or party, they are denied their rights"(HR25).

The various negative comments did not imply hostility to government's efforts in housing. There was praise for provision of low-income schemes, and several interviewees felt the policy must remain, to help the poor's access to housing. Quoting again from the view of the informant cited above:

"The involvement of government is good and appreciated, but [there is a] need to modify or review the distribution system by forming a 'special body'...identify and distribute PAKR or land for the poor and low-income families."

or:

"PAKR shows government commitment and attitudes towards low-income families. It helps to reduce problems of sharing accommodation with parents and helps to deconcentrate population in certain areas"(HR1).

6.4. Summary

Much of this chapter has drawn on a survey in particular housing areas. It is difficult to summarise fairly from a small survey of this kind in terms of statistics, especially across such a broad range of issues. The aim has been modest: to draw on interviewees' perspectives primarily to show how certain matters are approached, and to obtain insights into experiences and practices.

Nonetheless, general conclusions can be drawn on aspects of finance, access and gatekeepers, and on families' perceptions about Islamic housing and the impacts of Islamic values.

6.4.1. Modes of financing and access to PAKRs

The study indicated that a particular mode of financing had probably played a key role in determining access by the poor in this locality to PAKRs. The "hire purchase scheme" was effective as far as the PAKRs respondents were concerned. Installment repayment fell within "international notions" of 20 percent of incomes for affordable household spending on housing. The "interest" charged was comparatively cheaper than bank interest. The whole "package" might be termed "soft loan financing", an affordable mode for "a house owning poor". Ownership was the desire of all family interviewees.

Privatisation of PAKRs is expected to change the mode of financing. Soft loans will most likely be replaced with conventional bank loans, and the cost to low-income housebuyers will increase. Their low credit-worthiness might make it difficult for them to access bank loans. A predictable outcome would be that the change could reduce accessibility to PAKR, albeit while bringing in private capital to finance housing production. The issue of privatisation itself was not directly addressed in the original schedule of questions, but was introduced - interestingly - by an interviewee when

discussing developers' roles in social housing. The respondent was critical because of his experience with a privatised PAKR project (adjacent to the PAKR Fikri), and noted problems associated with that project in respect of targeted families, incomes and loans. General information about privatisation projects and the role of the Heritage Trust Fund also suggests the vulnerability of access to social housing in the policy agenda of the State of Terengganu. This is despite the strength of Islam in this geographical area, and the commitment the religion has to fairness and opportunity.

6.4.2. Alternative housing

To some extent families of relatively higher incomes showed a greater preference for PAKR; in contrast to families of lower incomes. The latter's preference was often for self-build housing and land subdivision options. They showed less interest in PAKR soft loans financing under the hire purchase scheme. Land subdivision and self-build housing in the views of established families in the traditional villages, were the least costly housing methods. Gradual construction, as practised in the past, would enable them to plan proper housing for their families. The concept of incremental housing was still valued as a practical option, and might give them flexibility and opportunities to follow Islamic norms in housing construction. Even in the PAKRs, the practice of improvement or enlargement continued.

Availability of land in Chukai Town was viewed, however, as a major constraint on land subdivision, raising questions about feasibility. Perhaps, in the long run, self-build housing is vulnerable, despite the abundance of state land.

6.4.3. Gatekeepers, and access to PAKRs

Gatekeepers were perceived to play important roles in determining effective access to PAKRs. The gatekeepers network potentially involved several levels. Seen from the perspectives of many respondents, the role and influence of politicians was

important in the process of selection of dwellers of PAKRs. It seemed that many of the successful families were aligned to the ruling political party, and some informants felt that success linked up with the influential roles of politicians. The roles of administrators were less evident and rarely mentioned. Given Islam's stance on equity and good administration, the images interviewees presented of politics suggested that religious commitment had made few inroads on political behaviour. On the other hand, the survey was in no sense able to test definitely for the significance of the political networks.

6.4.4. Islamic financing and institutions

In principle, Islamic financing systems were admired by many respondents. Their expectations were for alternatives to conventional financing, and cheap loans on a non-interest bearing basis. Bank Islam Malaysia Bhd.'s presence in the community, however, had not generated widespread customer involvement with that bank. An interesting finding concerned the issue of bank interest, where there were divided views. Interest was often seen as "haram" (forbidden), but even among Muslims some saw interest systems as acceptable in terms of a profit in business. For some, moreover, "poverty" gave them no choice but to rely on interest-bearing loans. Islamic options did not appear to offer them any better practical choice at present.

6.4.5. The quest for Islamic housing

Interest in Islamic housing was strong among interviewees, almost irrespective of their age or background. Their comprehension of Islamic values and norms sometimes extended beyond "core" concerns or "fundamentals", to "relative" values or "technical" issues. Most of the key ideas associated with dwellings were raised in the comments; including the house as a place of worship, and the importance of "Qiblat" in planning. Some mentioned "technical" matters, such as aligning prayer room and bedroom to "Qiblat", separation of bathroom or a place for taking ablution from a toilet, location of

toilet, etc. Nonetheless, some wished to integrate modern lifestyles into Islamic contexts. For them, the traditional design of a Malay (Muslim) house was outmoded.

As most interviewees were male, it was not possible to reach conclusions about differences of perspective with female members of households (although experience in such communities suggests that the differences might not be great). The value of women's "privacy" and the need for separation was strongly acclaimed, in line with Islamic family rules. Perhaps this came close to being a "core" value for lifestyle purposes. The significance of privacy was manifested in the form of renovation and extension works undertaken to provide rooms for boy and girl children, as in the case of PAKRs families who could afford this. While there was a strong desire to observe the rules, poverty made this difficult. A big house was often cited as a precondition.

"Neighbourhood building" is a theme that could easily be found in governmental, political or religious discussions about housing in Malaysia. The practicalities and realities, however, are not easy to define or research in a limited survey such as this. Even so, some questions were pursued. Ethnic and religious diversity in the PAKRs communities were not presented by respondents as problems in building a cohesive neighbourhood. The attitudes of the majority reflected the intention of not imposing on the minority. However, religious "taboo" remained a concern of several Muslim families, while cultural differences and communication issues were general concerns in relation to choice of neighbours. Some old mutual aid traditions survive, but new forms of participation along political lines seem important too today.

6.4.6. Conclusion

Although the State legislature and bureaucracy were dominated by Muslims, Islamic values and ideas did not seem to have become dominant in housing policy. At "grass roots", there seemed to be some commitment to Islam at the level of "core" values or laws, but Islamic ideas had been supplemented or modified by other values

or necessities. In overall terms the Terengganu study showed that Islamic values had not necessarily greatly modified the roles of finance, land and gatekeepers in housing low-income families, and had not prevented acceptance of ideas of modernisation (or even some capitalistic notions) at grass roots level.

CHAPTER SEVEN

CONCLUSION

The initial intention for this thesis was to focus heavily on current issues in housing policy in Malaysia from the perspective of achieving more effective planning, with particular reference to poorer households, against a backcloth of experiences in other developing countries. As the researcher proceeded, however, he encountered two important issues in particular. Firstly, "planning" is often a complex process, is influenced by politics, and is not only a technical matter. Secondly, the revitalisation of Islam might have a bearing on perceptions of policy in several countries today. Yet this has been neglected (on the whole) in housing studies. Consequently it seemed worth highlighting not only the many problems of providing housing for low-income households, but also the "Islamic dimensions" in housing policy. As Chapter 1 explained, Malaysia is a society with an official commitment to Islamic values, where it might be expected that housing strategies and approaches to the poor would have been influenced strongly by these beliefs. It would be a mistake to review housing without taking Islam into account, while Malaysia might offer a helpful case study of prospects, possibilities and tensions in constructing policies in an environment influenced by religion alongside other traditions and practices. The inclusion of this Islamic dimension influenced the "comparative" work, and the fieldwork within Malaysia itself. Perhaps even more important, the writer came to the view that an understanding of the impact and significance of Islam today requires researchers to review ideas in action in specific contexts. Policies and practices on low-income housing provide a first-rate "test" of commitment and compromise.

At a detailed level, this study has considered the roles and influence of land, finance and gatekeepers in determining access for urban low-income families in

housing. We have also reviewed Islamic housing values and their relevance for affordable housing, and some perceptions of the potential of Islamic models for solving housing problems. The analytical framework is not theory laden, but rather based upon a concern to explore issues of fairly immediate policy relevance. The "comparative" countries survey of prior experiences in developing nations provided a useful tool in revealing some alternative courses of action for low-income housing (Mayer and Greenwood, 1980). It was a basis for identifying some key issues, similarities and contrasts in housing policies, reviewing how certain policies had failed or succeeded, and looking at the kinds of policy instruments formulated to manage capital and other resources essential in housing production and consumption within different social and economic contexts. The analysis of countries was on a selective basis, but Muslim societies were deliberately included. It was hoped that there might be examples which could provide elements within a Muslim system or model for tackling housing, and which might be useful for understanding options in Malaysia. In the event, the impact of Islam did not immediately stand out strongly from available studies.

The analysis of Muslim ideas about housing had a number of starting points. Firstly, as already noted, it seemed worth looking at other Muslim countries, to see if distinctively Islamic methods and practices had emerged. This did not seem to have been a prominent feature in studies. Secondly, housing principles implicit in Islamic welfare and community concepts needed to be explored. Thirdly, the thesis aimed to look at present day applicability of these ideas, in the context of Malaysian policy options, and at the perspectives of housing experts and some housing consumers. For the first and third of these tasks, coverage was integrated with analysis of other issues, but for the second we have dealt with Islamic concepts separately in Chapter 4. Here it was noted that the Madinah model illustrated a framework for a Muslim system of an Islamic welfare state. We considered values in Islamic bureaucracy, and values, norms and features of Muslim town planning and practice, house design, finance, and land administration.

7.1. Lessons from international experiences

Chapter 2 drew on housing material relating to sixteen nations, and looked for insights relevant to Malaysia. Policy responses in different countries had had some similarities, but encouragement of self-build housing solutions seemed to have been more pronounced in poorer societies. A variety of factors had influenced the preferred solutions, but one trend was for state assistance with communities providing their own housing. Affordability stood out as an important issue for success, and the accumulation and availability of funds was sometimes crucial. Land arrangements too had been important, along with political factors, in influencing access for the poor. State interventions had not always necessarily benefited low-income households: barriers might include commercial practices, privatisation, low affordability, gatekeeping roles, or costs associated with formal production regimes. Nonetheless, positive examples of state policies could be found. Singapore, for instance, appeared to illustrate a successful strategy in housing. Policy had been characterised by a strong centrally planned and implementing agency, high housing standards and a high percentage of home ownership. Singapore's distinctive example might be attributed to a number of reasons: such as a more equitable income distribution, prudent management of workers' funds, and clear state responsibility in housing production by the HDB. The experience of Singapore suggested how prudent financial management, a "dedicated" land use policy, and clear roles of the state in housing production could contribute to housing a nation. Singapore also illustrated policies with a very high "social engineering" content (see pp.30, 57; Chapter 2).

Elsewhere, self-build and minimum state involvement had sometimes proved to be an effective means of housing. People could afford to have decent housing when policy supported their participation in housing, and government ensured supply of land with security of tenure. Self-build housing could be a cost effective method, cheaper

than conventional methods. Apparently, in Indonesia, Thailand and Mexico, low-income families were thus able to get access to affordable housing.

Perhaps effective finance policy in housing is not dependent on the complexity of financing institutions, but on the intelligent management of resources. Many TWCs studied had well developed institutions, but the poor did not benefit from them. The conditions and requirements of the financial institutions had made credit unaffordable for low-income households. The Grameen Bank provided an important contrast here. The Islamic dimension for finance systems was not a central feature in academic studies, but systems in Egypt and Saudi Arabia included examples of affordable credit facilities made available for low-income families: a 3 percent interest rate in Egypt, while in Saudi Arabia interest free credits were given to housing developers.

In Islamic countries, architecture and traditions in city planning and housing had shown vulnerability to western influence. To some extent Western values and patterns of urban design and planning practices had replaced indigenous design and architectural values. In contrast, however, Saudi Arabia was claimed to still maintain traditional values in the urbanisation process, except in cities like Riyadh and Dahrhan where westerners and foreign diplomats lived (Held,1994). In less prosperous Arab states such as Egypt, Jordan and Tunisia, housing maintained links with indigenous technology and traditional community ideas. From the academic literature it seemed that the experiences of rich and less prosperous Arab states raised questions about the centrality of Islam ideologically and culturally in the wake of westernisation. One conclusion that can be drawn from these experiences is a preference by some Muslims for western life-styles when they could afford luxury and with the purchasing power they have. On the other hand, where prosperity was less, Muslims had tended to maintain their traditions and values.

7.2. Key policy features in Malaysia

Malaysia's housing policies have had similarities and distinctive features when compared with other countries. Historically, colonial practices formed the basis of development of housing policies in the pre-independence period and early post-independence years. Policies were similar to those in Singapore and Hong Kong, at least during pre-independence Malaysia (then Malaya). The concern at that time was with housing for the workforce in agricultural plantation estates, and housing and health in urban areas. British urban health legislation, town planning practices, town councils and town boards were used in the administration of town areas and urban housing. Also important were the traditions and practices of Malay society in organizing their housing: self-build and community labour (mutual help), house design with important features of natural ventilation, concepts of garden and green environment, and role of a mosque in organizing the community.

In the post-independence period, the colonial thinking and heritage remained strong, reflected by personnel trained abroad. Our key informants survey showed some concern by interviewees even today about the role of western trained architects. However, housing policies are distinctive. The role of informal sector housing is diminishing with a surge in conventional methods. Housing production by incomes/class associated with different housing types has begun to be more important. In contrast with some other countries, low-income housing provision is a declared policy by the government to ensure access by the poor. This is a sort of equitable access policy to a basic need and possibly to accumulation of wealth: supported by policies such as a ceiling price, a hire purchase scheme with a low interest rate in public low-cost housing, and a quota system for Bumiputra and indigenous people. The broad objectives are for affordable housing, home ownership, and ethnic integration in society (a national goal).

Federal and States government responsibilities in social housing have a clear division of roles. The Federal government is a source of funding for public sector housing, while the production function is highly decentralised as the responsibility of States governments. In recent years, development of Malaysia's privatised and private sector-led economy marked an accentuation of market divisions in housing, and a declining era of social housing. Private sector developers became major producers with States roles beginning to diminish. Islamisation policy, introduced in the mid-1980s, might also be expected to have an impact, through financial arrangements in particular.

7.2.1. Allocation, distribution and "gatekeepers"

Fieldwork interviews pointed to a number of issues. In public sector housing, access for low-income households appeared potentially manipulative. While a great majority of beneficiaries of public low-cost housing were low-income families and within the targeted income range of RM\$750.00 and below, there was a degree of inequity. The beneficiaries were thought to be families close to politicians, families actively involved in grass-roots politics, and families associated with the parties in government. In some people's eyes, distribution seemed highly politicised and characterised by features of nepotism, favouritism, political connection, etc. Interviewees pointed to politicians for malpractices and discrimination. Politicians were seen as the gatekeepers. Although our data were limited, the studies suggested that the gatekeeping network existed at various levels of decision making: including the "top-down" process from the highest authority in the State government, and the "bottom-up", the lowest echelon in the government hierarchy, a village head who controlled vital information about applicants in the preliminary selection process.

The material supported the validity of the concept of gatekeepers in housing distribution, but the form differed from the original UK concept which associated gatekeepers primarily with bureaucrats and professionals. The gatekeeping roles were held by politicians who apparently decided on the choice of families in public low-cost

housing. The institution of gatekeeping seemed to have become formalised in the state administration through mechanisms such as committee systems, with the role of administrators as more marginal. Such relationships support the claim of a change in administrative behaviour in Malaysia's bureaucracy from administrative roles to political roles (Ahmed,1975,p.201).

From the perspective of Islam, negatively discriminatory gatekeeping would be unacceptable. These strong gatekeeper roles, seen from an Islamic critique, might reflect a "bourgeois Islam", or "the institution of feudalism" (Haque,1993) and immoral behaviour, in contrast with a definition of moral qualities of Islamic administration (honesty, justice, veracity, love for truth and fair play, courage, politeness, forgiveness, patience, peacefulness, accessibility and sympathy) (Ali,1975,pp.48-86). On the one hand governmental goals of assisting low-income groups seemed to be very much in accordance with Islamic concepts. On the other hand, the institutions of gatekeeping seemed to fail to fulfil some Islamic visions of fairness, the Islamic goal in distribution (Iqbal,1986,pp.16-17). Gatekeeping practices were opposed to central features of welfare economics in Islam - "al-adl wal-ihsan" - a concern for just balance in distribution and a special concern for the economically downtrodden in society (Naqvi,Beg,Ahmed,Nazeer,1993). These practices could be seen by some informants as challenges to Islamisation policy ("inculcating Islamic ethics and values in administration")(INTAN,1992,pp.199-214), and as a reflection of Islam's limitations in modifying the behaviour and attitudes of ruling elites, a reflection of mere "cosmetic changes".

7.2.2. Markets and marketisation

In the private sector, distribution of low-income housing was effectively determined by affordability. Financial issues had greatly contributed to the failure of low-income housing policy to achieve fully its distributive objectives. Some low-income housing seemed to have become a commodity traded in secondary markets,

and speculation and profiteering activities had apparently become accepted practices. Privatisation of low-cost housing projects had further tightened accessibility by the poor. For instance, income eligibility was "unofficially" revised (albeit indirectly) by the Terengganu State Government from its original cut-off income of RM\$750.00 per month to a monthly income of RM\$2,500.00, without informing the public. A majority of low-income families in traditional villages in the case study area who earned less than RM\$600.00 would not be able to buy new PAKR houses. Seen from the case study standpoint, privatisation could be derailing the objectives of low-income housing.

7.2.3. Banking and financing

The cross-countries review brought out the significance of finance systems in relation to low-income housing programmes. One issue for Malaysia was the potential role of Islamic financing methods. There seemed to be a gap, however, between expectations and results in practice. Comments suggested that Islamic banking is facing problems in helping the poor. The impact of interest free banking might not modify or improve accessibility to mortgages.

A second question raised in the cross-countries work concerned the role of the poor themselves. In Malaysia, the productive position of the poor in national economic terms was regarded as insignificant. This was reflected in some "influential" informants' assessment of the poor in self-build housing. They did not think of the poor as able to provide resources which could be exploited under the various Islamic methods. This suggests a possible gap in current thinking. For example, perhaps Islamic financing could be reconciled with the idea of self-build housing by the poor. In some way, the resources available amongst the poor might be mobilised and regenerated in housing production and reproduction processes involving households' investment or labour.

This issue also connects with the targeting of funds and their use and terms. The TPPT fundings under the Central Bank had been meant to enrich the sources of funds for builders and developers. The funds were production-based subsidy and therefore provided incentives for developers to increase housing supply. But the direct benefit to low-income families had seemed unclear. For example, with TPPT funds for accelerating construction of low-cost housing where Bank Islam was one of the participating banks, Bank Islam charged a maximum of 2 percent profit or administration fee for loans given to developers. Developers gained in terms of cheap loans, but lower cost was not transferred to low-income buyers. House prices in the market remained high (views of interviewees). High prices were opposed to the policy objective of the TPPT funding that "TPPT's philosophy is to encourage corporate sectors to give back to society their profits as their contribution to society's wellbeing..to ensure that houses [are available] at the lowest price." [ER13].

The range of policy instruments introduced had not been clearly defined in terms of addressing the "structural" problems faced in the housing process. Policies had reflected a strong interest in "correcting" market functions, but in favour of the production side and ignoring fundamental problems of accessibility of low-income households to cheap loans.

The idea of a housing bank in Malaysia was disapproved of by some officials. Scepticism about it arose from the less successful experiences of the MBSB which was supposed to function like a housing bank. A second reason was a belief in market competition. Informants believed the existing varieties of commercial banks were able to adequately provide mortgages to house buyers. The reasons that seemed to support the idea of a housing bank were that its operation could focus on low-income housing, and that the EPF should be directly involved so that it could serve its members. The financial reserve that the EPF had could provide the necessary capital for a housing bank. Another advantage of a housing bank as a policy instrument might be that it could overcome the problem of lack of enforcement at the distribution stages in low-

income housing in both the private and public sector markets, if it operated as a one-stop agency. (This was the view of one informant.)

In the present writer's view, the applicability of the housing bank idea to Malaysia is an option which has perhaps received inadequate attention. We might generate two main scenarios. In one, a housing bank could be a partnership between the Trustee for Islamic Economic Development Malaysia (YPEIM) and EPF. Borrowing the above informant's original idea, the bank could either build or buy ready-built houses on behalf of buyers and at the same time process withdrawal of savings from the EPF. In this scenario the bank's operation would be limited to EPF members. Secondly, a housing bank could form a partnership with a housing board. A housing board in the view of one informant could provide a regulatory function in low-income housing in its capacity as a trust agency (buying and selling houses) and could operate in a secondary market to control reselling of low-cost houses. Both scenarios would help check speculation and might safeguard the interests of low-income families. Another alternative (which no respondent suggested) would be a National Saving Bank which had a nationwide network to operate as a housing bank. Its network could offer higher accessibility to consumers which could be enhanced in partnership with the EPF. In any event, a housing bank could consider introducing several varieties of Islamic financing methods such as "musharakah mutanaqisah" (partnership leading to ownership) and time-multiple counter loans (see Chapter 4).

The purpose of this thesis is not to offer policy prescriptions in any precise way, but we have indicated these options in order to show some possibilities, although of course the determinant of choice remains politics.

7.2.4. Conflict between expectations of the poor and values of officials?

The expectations of village families interviewed in the case study area (with some preferring self-built and land-subdivisions to public low-cost houses) are indications of affordable housing by their standards. The reasons for preferences were primarily family economic reasons and the desire to maintain a tradition of living a village lifestyle. They related self-build to the concept of incremental construction and flexibility for expansion when the family economy prospered. However, some "influentials" were unsympathetic to the concept of self-build housing. The reasons were mainly the economics of land-use, questions of density, questions of standards and regulation, and the burden for the government of land preparation. These officials' perceptions implied the impracticality of self-build, and conflicted with the expectations of the poor about the best method of housing themselves, such as "building bit by bit". One compromise was the suggestion by one official of using a model of "sweat equity" used in Western society. Applied in the modern context of conventional housing, a family would provide labour for a housing project by a developer and labour inputs would be considered as the family's share of costs of housing production. Their share would be rewarded in terms of a concessionary price for purchase of a house they had worked on. This method was viewed by one informant as an alternative for affordable housing by the poor.

7.2.5. Urban land use in a "free market" system

Relationships between markets and governmental policy will clearly vary between countries and over time. In Malaysia there was a mixture of opinions and expectations amongst expert informants. There was, however, a concern about a shift in land policy from public purpose to corporate objectives which was giving the right of acquisition to entrepreneurs under the recent amendment of the Land Acquisition Act. The change in policy reflected the influence of free markets over land use which

was viewed as controversial by officials, as conflicting with the ideology of public purpose and allocative policy, which were the main thrusts of land acquisition before the amendment. Already, information indicated a tendency for markets to dictate urban land use such as land developed for expensive condominium houses, a country house concept, theme park and recreational housing sited near golf courses. It seemed that a conflict of land use worked to the advantage of market determinants, challenging the notion that urban land use for housing was statutorily regulated by structure plans and local plans.

Compromise or partnership arrangements were sometimes noted. (One interviewee proposed a scheme for Malaysia similar to Korea's experience.) There was also a proposal of a partnership between land owners and corporate agencies which had proven to be a successful model in land development projects. Such methods were considered as alternatives to land acquisitions by the government. The impact of the market system was also seen in views about the irrelevance of Islamic land administration in modern Malaysia. The institution of waqf land was the only tradition that seemed applicable in modern society. There seemed strong views from some interviewees for commercialised use of waqf land. Some expert informants, however, also believed that waqf land could be a viable instrument for uplifting social and economic conditions of Muslims in urban areas.

7.3. Islam and modernity

The issue of Islam and modernity and how Islamic housing traditions, values and ideas had been negotiated in modern life-styles were significant themes in the fieldwork, both in housing areas and in interviews with experts. Even though Islamic ideas were interpreted differently, informants took cognisance of their significance in the socio-economic setting of a multi-ethnic society and free market economic system like Malaysia. In the same manner, they accepted some modern values, which were associated with Western practices and culture in housing. A belief in traditionalism

among some "influentials" did not restrain them from outward looking perspectives on management of society and resources. The issues that surfaced from interviews were the interpretations of Islamic values in respect of fixed ideas (fundamentals) and less fixed ideas (relative things): relating to such matters as architecture and design, and their meanings and applications in modern society; the impact of Western values and cultural patterns on Muslim ways of life; and Islam, market economy and the welfare of the poor, individuals and society.

From the perspectives of "elite" and "grass roots" Muslims, informants comprehended Islam and modernity in society as a mix in which there might be conflict between Islamic ideals in housing and the influence of international culture brought about by globalisation processes. We might look for the formation of intercultural compromise and adaptability which could be on the basis of co-existence of multi-ethnic and religious values and cultures in a country like Malaysia. Informants' views illustrated a degree of open-mindedness. Receptiveness to western ideas and cultural patterns and modes meant seeing them as nothing fundamentally disturbing. As summed up by one household informant, westernisation was "beneficial to society in terms of technology, facilities and equipment". In the "old days" this informant continued, "our grand parents did not want to use a refrigerator" and at those times "a refrigerator was difficult to get." Today, a house was "just like a cinema..." (availability of audio-visual equipment), and "the trend in Malaysia is to follow the West..." [HR7]. A Western housing mode could be acceptable by Muslims in so far as meeting a need was concerned, but satisfaction of housing was fulfilled when Islamic standards were incorporated in "customised" conventional housing. These were the compromises which they expected from conventional housing to cater for fixed Islamic features. To informants, architectural and design beauty was relatively less important. What was more important was to comply to Shari'ah law. The explanations of respondents to some extent supported the notion of flexibility and illustrated attitudes of Muslims towards intercultural adaptability. There may be parallels with approaches practised in the past:

"Islam did not merely 'borrow', it Islamized all that it borrowed and integrated it into an Islamic framework of values...was expanded if it was not quite adequate, and this interpretative process occurs with every developing culture" (Rahman,1979,p.232).

Expert informants felt that attitudes towards some family institutions might be moving away from traditional norms and practices. They suggested a process of transformation in family on the basis of a breaking down of extended family institutions. Perhaps there are tensions in Malay society between conserving traditions and the pressure of living in cramped accommodation. At grass roots level, however, gender separation is still a confirmed value.

Housing production approaches could be important. For households, conventional housing methods might be seen as inflexible, which constrained occupiers from complying to Islamic practices. Small houses like PAKR could not meet the requirements. The difficulty of practising Islamic housing was seen as aggravated by poverty. In self-build housing, however, people could perhaps more easily accommodate to Islam. Self-build allowed flexibility in design, permitted incremental construction, and spread expenses within means and affordable family budget. This posed a challenge to housing policy of a conventional system with rigidity of construction, and immediate lump-sum allocation of capital resources by the poor which they could not afford. Perhaps the role of self-build housing could be interpreted as a method to help arrive at an Islamic housing "community", although there was no formed consensus about such a community.

Although some expert informants recognised the constraints of market systems because of dependence on the ability to pay, there was also a strong belief in competition. This emerged in topics such as interest free banking that would open up competition in Islamic finance markets; disapproval of monopoly illustrated by some views on a housing bank and Bank Islam being in control of Islamic finance markets; and an acceptance of commercialisation of development of waqf land from its

traditional practice of being mainly for social and religious purposes. All these exemplified some influentials' trust (or expression of it) in the role of a market system to regulate housing processes. From a household perspective, some interviewees accepted profit in housing, but expressed their disapproval of interest rate as "haram" (forbidden). Even so, a surprising result was views from the grass roots about investment and profit and the role of interest rates. To some interviewees, interest rate was acceptable as a profit from doing business. There was a..."need to differentiate between the term interest and dividend...", etc. Such views might arise from conflict between "Reason and traditionalised Faith" (Rahman:1979,p.214). Tension exists in respect of the objective of cheap mortgages for the poor like themselves, and Shari'ah rules about interest rates. What seems important here is the acceptance to some degree of market relationships as a "norm". Perhaps market considerations tended to override some social and religious expectations in housing, but Islam is not a monolithic economic system. The basic requirement of the Qur'an is the establishment of a social order on a moral foundation, that would aim at the realisation of egalitarian social and economic values. Any system might be Islamic that is based on these values and takes cognizance of the limits of a country's resources (Rahman,1991,p.238). Nonetheless, the existence of particular marketised relationships, and related ideas about what is normal, may have influenced views and expectations (and acceptance of inequalities) despite commitment to Islamic values.

Some of the material for the thesis illustrates co-existence between Islam and a modern society with western values. While western practices might appear dominant in housing, Islam nonetheless seemed to offer ideas in solving housing problems and organisation of a community which had attractions to informants. There may be value in looking at issues like the benefit of waqf landed property to the public, and ideas of environmental protection, green belt and garden city which are popular features of some modern cities, conforming to "adab" in Islam, in building a city or in construction of housing.

Malaysia is a society with a particular blend of ideas. The elite groups borrow from different traditions - Islam, Malay culture and the West - but ideas are sometimes very practical with little radicalism. Expert informants showed their "professionalism" with "professional" values, related to purposive and entrepreneurial thinking and action inside and outside Malaysian experiences. Some had their own different types of "bureaucratic" responses to questions and challenges. They were careful persons in their analysis of housing problems and some evidenced a trade-off in ideas between the old and new. The thesis shows ideas are not fixed in Islam. There was flexibility in matters of relative values such as in house design and architecture and use of modern facilities to meet modern life-styles. Among low-income households interviewed in the case study area, there seemed to be difficulties in conforming to Islamic housing requirements and standards, which were perhaps beyond their affordability in PAKR housing. There was a strong interest in village self build incremental construction - among other goals as a means to adopt and practise Islamic housing.

These were among the themes from the fieldwork on the perspectives of officials and grass roots respondents. Their expectations and desires were often for a fuller realisation of Islamic spiritual values in the individual as well as in society, and an adequate fulfilment of basic needs of life. Of course, it was difficult to generalise about the views of informants, and our surveys were only small-scale ones. Nonetheless, for future policy makers, Islamic values are likely to be extremely important in Malaysian housing, and the themes of flexibility and commitment may well go hand in hand.

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