National Housing Policy
In line with the aspiration of “1 Malaysia: People First, Performance Now”, it is the wish of the Government to help those who are less fortunate by providing comfortable housing.

The Tenth Malaysia Plan (10MP) has stated that housing development will focus on the provision of adequate housing, as well as ensuring a safe, healthy and harmonious living environment equipped with complete public amenities and quality recreational facilities.

Therefore, the private sector will continue to concentrate on fulfilling the needs of overall housing demand, while the public sector will be an effective facilitator to enhance the service delivery system of the housing sector. The public sector will also focus on the provision of affordable housing for the low-income group.

The launching of the National Housing Policy (NHP) is most appropriate and timely in meeting the current challenges faced by the housing industry. It is hoped that the NHP will also serve as an effective tool to ensure the sustainability of the housing industry.

In addition, the NHP will also emphasise on balanced development with the use of environmental friendly development and housing concepts, as well as the use of new technology and new innovations in the housing sector.

With the implementation of the NHP, I am confident that the housing sector will be able to contribute to the economic growth of the country and realise the Government’s aspiration to become a developed and high-income nation by 2020.

Tan Sri Dato’ Hj. Muhyiddin bin Hj. Mohd. Yassin
Deputy Prime Minister of Malaysia
Message

Minister of Housing and Local Government

The Government is committed towards ensuring access to quality and affordable housing to meet the needs of a growing population by matching demand and supply, promoting an efficient and sustainable housing industry, as well as providing efficient public utilities and services and a clean environment.

Thus, it is imperative for the Government and private sector, to work together in order to create a competitive and sustainable housing industry. This partnership will benefit the homeowners as well as housing developers.

In this regards, the formulation of the National Housing Policy (NHP) is timely to assist the private sector to respond to the Government’s aspiration towards providing adequate and affordable houses for the lower income group.

To ensure that the housing sector will achieve the desired development and positively contribute to the continuous economic growth, the NHP is expected to be able to solve the problems and challenges pertaining to the quality of construction, the issue of abandoned housing projects, affordability to own or rent houses via an effective distribution system in the People’s Housing Programme (PHP).

As such, it is hoped that with the implementation of the NHP, with its six (6) thrusts and twenty (20) policy directions will provide a well defined focus for achieving a progressive and sustainable housing sector by government agencies at the federal and state levels.

Dato’ Wira Chor Chee Heung
Minister of Housing and Local Government
The National Housing Policy (NHP) is established to outline the direction and form the basis for the planning and development of the housing sector at the federal, state and local levels. The objective of the NHP is to provide adequate, comfortable, quality, and affordable houses to improve the well-being of the people.

The NHP is also introduced to tackle the issues and challenges faced by the housing industry today. These complex and challenging issues and challenges need to be efficiently addressed to ensure the healthy and sustainable growth of the industry.

To realise the purpose and objectives of the NHP, an action plan is being formulated to outline strategic steps in line with the purposes and thrusts of the NHP. The successful implementation of the NHP relies very much on the commitment and collaboration of all parties in the housing industry in the country. In this regard, a close relationship between the public and private sectors is essential to address various issues and challenges faced by the housing industry.

I am confident that the successful implementation of the NHP will contribute as much as possible to the national economic growth even though it is constricted with uncertain possibilities in the time to come.
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Housing is a basic need that can enhance the quality of life. The construction sector contributes to the nation’s economic growth through its linkages with the other sectors including the service and manufacturing of construction materials sectors. According to the Economic Report 2010/2011 issued by the Ministry of Finance Malaysia, the construction sector is expected to contribute 4.9% of the Gross Domestic Product (GDP) in 2010.

Hence, the Government needs to continuously concentrate on the need to provide adequate and quality housing which is affordable for sale or rent especially for the targeted groups. The focus will be on the suitability of locations and conduciveness of the living environment in line with the Fourth Strategic Thrust of the Tenth Malaysia Plan (10MP), ensuring access to quality and affordable housing. In the 10MP, the Government has targeted 78,000 units of affordable houses to be built, consisting of 38,950 units under the People’s Housing Programme (PHP) and 39,050 units under programmes related to the Ministry of Rural and Regional Development to meet the needs of the low-income groups and squatters.

Furthermore, a RM500 million fund will be allocated for the repair and maintenance of public and private low-cost housing under the 10MP. This fund will be disbursed on a matching grant basis, where half of the cost will be borne by the Government and the other half by the management committee or residents’ association.
Under the Government Transformation Programme (GTP), National Key Results Areas (NKRA) which are “raising living standard of low-income households” and “improving rural basic infrastructure” respectively, the Government has decided that drastic steps will be taken to overcome problems pertaining to housing especially involving the poor and hardcore poor. These steps are as follows:

(i) Providing assistance to increase house ownership by offering 44,000 units of existing low-cost houses for sale or rent through the Kuala Lumpur City Hall (DBKL) and the National Housing Department (JPN);

(ii) Providing 50,000 units of new and rehabilitated houses for the urban poor and hardcore poor by 2012, two-thirds of which will be in Sabah and Sarawak.

(iii) Ensuring only eligible recipients receive housing aid. Recipients are identified by district or state agencies through the e-Kasih portal, which is a national database for capturing data on low-income households; and

(iv) Offering financial assistance for initial deposits, legal fees and low-interest loans for the low-income households who are not recipients of or do not purchase public low-cost houses.
To fulfil these needs, factors such as affordability of the buyers, development cost and selling price persistently influence the supply and demand in the housing sector. Based on the current situation, housing development is concentrated in the urban and suburban areas, where the purchasing power is higher and the market is extensive. In order to address the current housing needs, both the Government and the private sector must play their respective roles to fulfil their social obligations especially to the low-income and middle-income groups.

The Ministry of Housing and Local Government (MHLG) has been monitoring the implementation of housing development projects by the private sector and enforcing the Housing Development Act (Control and Licensing) 1966 [Act 118] to ensure housing projects are implemented according to the schedule and completed within the stipulated timeframe.

The MHLG has also been taking steps to revive abandoned projects through the Special Task Force for Revival of Abandoned Housing Projects (STF). The STF focuses on efforts in reviving abandoned housing projects, solidifying the legal aspects and ensuring more effective enforcement, as well as establishing the direction and policy of the housing industry.
THE NEED FOR A
National Housing Policy
A National Housing Policy (NHP) is needed to provide the direction and basis for the planning and development of the housing sector by all relevant ministries, departments and agencies at the federal, state and local levels as well as the private sector.
To ensure that the housing sector achieves healthy development and continuously contributes positively to the nation’s economic growth, various issues and challenges related to the housing sector need to be effectively addressed. Among the issues identified are:

(i) Quality of the houses built;

(ii) Abandoned housing projects;

(iii) Affordability and accessibility of the people to own or rent houses;

(iv) Demand exceeding supply for low-cost and medium-cost houses;

(v) Construction of Affordable Public Housing (APH) at non-strategic locations; and

(vi) Distribution of APH.
To address these issues holistically, the NHP can be used as a basis to guide, manage and coordinate the planning and development of the housing sector more efficiently and systematically. The NHP is formulated to ensure that the housing sector can overcome the current and future challenges and contribute to the national economic growth. The challenges are as follows:

(i) **Inadequate provision of APH**

Generally, houses supplied by the private sector have been sufficient for the high-income group. However, houses supplied for the low-income and middle-income groups, including people with special needs, senior citizens, single mothers and squatters are still insufficient.

Based on the data captured under Computerized Open Registration System (SPT) managed by the MHLG, from 1 January 2009 to 31 August 2010, 20,426 applicants have registered to own or rent low-cost houses nationwide. Moreover, as of 30 June 2010, census conducted by State Governments showed that 90,282 squatter families have yet to be relocated.
(ii) **Low construction quality**

Although most houses built have met the minimum quality requirements set, there are still developments which have not met the standard requirements and that leads to low quality construction. The use of low quality construction materials and lack of skilled workers also contribute to the low quality of houses built. Low usage of state-of-the-art technology in construction and high dependency on unskilled and cheap foreign manpower also contribute to the decline in the quality of houses.
(iii) Weaknesses in ensuring implementation and compliance with the service delivery system on housing

Before a housing project commences, it has to go through the application and approval processes at the land office and the Local Authority (LA). MHLG is responsible for the issuance of housing development licenses and advertisement and sale permits after the development order (DO) and building plans are approved by the LA. If there is a glitch in any of the processes, the whole system or development process would be disrupted and the project would not start on time.
(iv) Weaknesses in control, monitoring and enforcement

There are various laws which are applicable to the housing development. Amongst them are the National Land Code 1965 (KTN), Housing Development Act (Control and Licensing) 1966 [Act 118], Local Government Act 1976 [Act 171], Town and Country Planning Act 1976 [Act 172], Street, Drainage and Building Act 1974 [Act 133] and other state regulations and land laws. The need to abide by these legal aspects and regulations is vital to be understood and complied with to ensure housing projects are implemented based on the issued approvals. However, there are still weaknesses in the control, implementation and enforcement of these laws.

In building APH, there are several agencies and bodies involved such as Syarikat Perumahan Negara Berhad (SPNB), statutory bodies and State Economic Development Corporations (SEDC). Coordination amongst these agencies is needed so that the construction and distribution of these houses can be executed in a more orderly, systematically and a just manner in each state. In this regard, the NHP proposes that the role and collaboration among agencies and related bodies are further strengthened.
(v) **Issues on implementation of APH quota**

Developers are required to provide APH according to the quota set by State Governments. However, these quotas vary from state to state. Developers would prefer to be exempted from having to build APH because the cost of supplying APH has to be cross-subsidized from the sale of high and medium-cost houses.

(vi) **Enhancing the sustainability of the housing sector**

Although efforts have been taken to enhance the sustainability of the housing sector, there is a continuous need to consolidate the efforts in the context of balanced development. In terms of research and development (R&D) to strengthen the quality and housing construction standards, the NHP focuses on the use of latest technology and tools such as Industrialized Building System (IBS) and encouraging technology and knowledge transfer from other countries.
(vii) Inadequate social amenities and Non-conducive environment

Some housing areas do not have complete basic social amenities and facilities such as transportation, safety and maintenance. The NHP proposes that housing developments should also incorporate the provision of social amenities, basic facilities and providing a conducive environment. The NHP also recommends that neighborhood-based programmes for curbing social issues, public safety and conserving the environment should be enhanced.
THE GOAL OF THE
National Housing Policy
To provide adequate, comfortable, quality and affordable housing to enhance the sustainability of the quality of life of the people.
OBJECTIVES OF THE National Housing Policy

- Objective 1
  Providing adequate and quality housing with comprehensive facilities and a conducive environment;

- Objective 2
  Enhancing the capability and accessibility of the people to own or rent houses; and

- Objective 3
  Setting future direction to ensure the sustainability of the housing sector.
In order to achieve the objectives stated above, the NHP is formulated based on six (6) thrusts and twenty (20) policy statements.

- **Thrust 1:**
  Provision of Adequate Housing Based on the Specific Needs of Target Groups

- **Thrust 2:**
  Improving the Quality and Productivity of Housing Development

- **Thrust 3:**
  Increasing the Effectiveness of Implementation and Ensuring Compliance of the Housing Service Delivery System

- **Thrust 4:**
  Improving the Capability of the People to Own and Rent Houses

- **Thrust 5:**
  Sustainability of the Housing Sector

- **Thrust 6:**
  Enhancing the Level of Social Amenities, Basic Services and Liveable Environment
THRUST 1: 
Provision of Adequate Housing Based on the Specific Needs of Target Groups

Housing is a basic need and in line with “shelter for all”, the Government will strive to ensure that every person can own or rent a house. Nevertheless, housing needs for the low-income group, who earn a monthly household income of less than RM2,500, are still not adequate.

Hence, the Government and the private sector need to continue providing affordable houses for sale or rental especially for the low income group, and also the disabled, senior citizens and single mothers. The private sector is also encouraged to develop medium-cost houses to fulfill the needs of the middle income group with a monthly household income of RM2,500 to RM3,999.
The three policy statements are outlined below:

- **NHP 1.1:** Enhancing the role of the State Government agencies, besides the Federal Government agencies and the private sector in continuing the efforts of providing affordable houses for rent or for sale.

- **NHP 1.2:** Providing housing for all especially low-cost houses for the low-income group and encouraging the provision of medium-cost houses for the middle-income group; and

- **NHP 1.3:** State Governments are given flexibility in determining the quota of low-cost houses to be built in mixed-development areas based on the suitability of the location and local demand.
THRUST 2: Improving the Quality and Productivity of Housing Development

Although most houses built have met the minimum quality requirements set, there are still developments which have not met the standard requirements and that leads to low quality construction. The use of low quality construction materials and lack of skilled workers also contribute to the low quality houses built. Low usage of state-of-the-art technology in construction and dependency on unskilled and cheap foreign manpower also contribute to the decline in the quality of houses. Therefore, NHP outlines efforts to improve the quality and productivity of housing development by encouraging the use of skilled and accredited workers, minimum construction quality standards, and quality local building materials.
The three policy statements are:

- **NHP 2.1:** The use of skilled, trained and accredited workers for construction works to raise the quality of construction through approved and accredited systems;

- **NHP 2.2:** Setting the quality standards and minimum housing specifications; and

- **NHP 2.3:** Increasing the use of local building materials.
THRUST 3:  
Increasing the Effectiveness of Implementation and Ensuring Compliance of the Housing Service Delivery System

Complying with laws and rules related to housing development is essential to ensure projects are developed in an orderly and timely manner, and based on specifications set. The housing sector’s delivery system would be affected and disrupted if laws, policies and rules are not implemented effectively.

Through NHP, coordination and implementation of policies involving various agencies will be enhanced. Furthermore, the ability and efficiency of the housing delivery system will also be improved through monitoring, effective law enforcement and implementation of new initiatives such as the One Stop Centre (OSC), Certificate of Completion and Compliance (CCC) and the Build-Then-Sell (BTS) concept. In addition, a single federal agency will be responsible for developing, selling and maintaining public low-cost houses in the Federal Government’s jurisdiction to curb issues pertaining to public low-cost houses.
The five policy statements are as outlined below:

- **NHP 3.1:** Formulating, improving and enforcing laws, regulations and guidelines pertaining to the housing sector;

- **NHP 3.2:** Enhancing the Government’s service delivery system related to housing through policy coordination and implementation involving various agencies;

- **NHP 3.3:** Encouraging the BTS concept in the housing provision system;

- **NHP 3.4:** Improving relations and collaboration among the public and private sector as well as professional bodies in the housing sector; and

- **NHP 3.5:** Public housing programmes at the federal level are placed under the responsibility of a single federal agency which plans, implements, sells/rents and maintains them. State Governments are still responsible for public housing programmes at the state level through their subsidiary agencies.
THRUST 4: Improving the Ability of the People to Own and Rent Houses

In fulfilling housing needs for the low-income and middle-income groups, factors such as affordability, cost of development, and selling price frequently influence supply and demand in the housing sector. Currently, housing developments are concentrated in high-density urban and suburban areas where the purchasing power and market are significantly immense. However, in order to balance up current housing needs especially for the low-income and middle-income groups, the Government and the private sector must play their roles to fulfil social responsibility to the people. Moreover, through NHP, a comprehensive and holistic approach is introduced to increase the accessibility to own or rent the provided houses.
The three policy statements are as outlined below:

- **NHP 4.1**: Setting prices for low-cost houses as well as controlling ownership and sales to avoid speculation;

- **NHP 4.2**: Setting a realistic rental rate for low-cost houses; and

- **NHP 4.3**: Providing financial support for the low-income group in order to own houses.
THRUST 5: Sustainability of the Housing Sector

Through NHP, efforts to enhance the sustainability of the housing sector are implemented by both the Government and the private sector. The efforts are balanced development implementation and the use of environmental-friendly housing development concept with new technologies and innovations. Green technology, which can help to conserve the environment in the context of energy efficiency specifically in building design, the use of recyclable materials and the development of smart buildings, is given emphasis. Indirectly, the aspects mentioned can elevate the quality of life as well as preserve the environment.

The three policy statements are as outlined below:

- **NHP 5.1:** Increasing the use of new technologies, innovation and provision of environmental-friendly housing;

- **NHP 5.2:** Improving research and development (R&D) efforts in the housing sector; and

- **NHP 5.3:** Encouraging urban renewal and redevelopment of old buildings in line with the Government’s objective for conservation and preservation purposes.
THRUST 6: Enhancing the Level of Social Amenities, Basic Services and Liveable Environment

Some housing areas do not have complete basic social amenities and facilities in the form of transportation, safety and maintenance. Since housing is an integral aspect to shape prosperity and harmony among communities, the NHP proposes that the provision of housing also incorporates improving the level of basic and social amenities, as well as creating a conducive and liveable environment. This can be achieved by well-planned development in line with the implementation of the Safe City concept and community building.
The three policy statements are as outlined below:

- **NHP 6.1:** Providing housing and sustainable development complete with basic amenities and facilities based on standards and current needs as well as other social needs to create a conducive and liveable environment;

- **NHP 6.2:** Strengthening the management mechanism and maintenance of stratified buildings and common properties; and

- **NHP 6.3:** Implementing the concept of Safe City in housing areas.
Jabatan Perumahan Negara
Kementerian Perumahan dan Kerajaan Tempatan Malaysia
Dasar Perumahan Negara
National Housing Policy
### ACRONYMS

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<tr>
<td>10MP</td>
<td>Tenth Malaysia Plan</td>
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<td>Act 133</td>
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<td>Town and Country Planning Act 1976</td>
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<td>APH</td>
<td>Affordable Public Housing</td>
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<td>BTS</td>
<td>Build-Then-Sell</td>
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<td>CCC</td>
<td>Certificate of Completion and Compliance</td>
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<td>DBKL</td>
<td>Kuala Lumpur City Hall</td>
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<td>GDP</td>
<td>Gross Domestic Product</td>
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<td>GTP</td>
<td>Government Transformation Programme</td>
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<td>Industrialised Building System</td>
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<td>National Housing Department</td>
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