

**SPEECH BY  
YAB DATO' SERI ABDULLAH BIN HAJI AHMAD BADAWI  
AT THE NATIONAL HOUSING SUMMIT  
AT SUNWAY LAGOON RESORT HOTEL, PETALING JAYA  
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It gives me great pleasure to be able to address the first National Housing Summit. I would like to thank the organisers (HDA and ASLI) for having invited me to give the keynote address. I would also like to welcome the distinguished guests and participants to the summit.

Ladies and gentlemen,

2. Every person who sets out into the world has one aim in mind - to provide shelter for his family and bring bread to the table. Inevitably, politicians and governments sense that the way to the people's heart is to ensure that their stomachs are full and that every person has a roof over his head. We are blessed in Malaysia in that this is a nation of plenty. No one starves in Malaysia.

3. But given the inequities in life and the fact that we do not have unlimited resources, it is a bit more difficult to provide a home for every family, even in a country of plenty like Malaysia. Nevertheless, ladies and gentlemen, that is our goal. This is not a political promise; neither is it an utopian dream. It is a desire of this government to make full and efficient use of our available resources, and through public and private sector cooperation, to ensure that one day, in the not too distant future, every Malaysian family will be able to afford and live in decent housing.

4. I hope that we can share and explore our thoughts at this two-day summit and strategise on how best we can achieve these goals, if not in our lifetimes, then, at least, in our children's lifetimes.

Ladies and gentlemen,

5. Just before the turn of the last decade, the government launched vision 2020, which was targeted to turn Malaysia into a fully developed nation by the year 2020. Our vision of a developed nation is to see a Malaysia where there is national unity and social cohesion, a developed economy, social justice, political stability, quality of life, a high level of social and spiritual values, and national pride and confidence.

6. Vision 2020 entails Malaysia becoming a developed country in entirety, not only in the economic sense. A cornerstone of becoming a developed country is to ensure that the basic necessity of decent and adequate housing is available to all citizens. Therefore, the thrust of the housing policy is to provide all Malaysians access to adequate, affordable, quality and safe housing.

7. To achieve greater home ownership, the government, through Bank Negara, introduced lending guidelines to financial institutions in the 1970s. The guidelines provide special housing development funds parked in banks and finance companies as a source of capital in public low-cost housing. Bank Negara also ensures price control in low-cost housing. The finance policy entails both a free market approach in higher-end housing and a regulated low-cost housing.

8. The economic crisis of the last two years hampered national housing efforts especially since one of the hardest hit sectors was the property sector. As we are all aware, the construction industry generates domestic economic activities such as the manufacture of building materials, services such as banking, finance and legal, and employment. But as the saying goes, behind every cloud there is a silver lining.

9. The silver lining in this case was that Malaysian manufacturers of building and construction materials, hit by the slowdown in Malaysia, came under pressure to seek alternative markets for their products.

10. They were fairly successful in finding niche markets overseas for their products. In good times, export was not an issue as local consumption and demand was enough to sustain these manufacturers. The offshoot of all these is that with an enlarged domestic and overseas market now, manufacturers can reap from economies of scale and prices are more competitive. With lower prices and greater use of locally produced materials, we can ensure lower costs of construction and housing.

11. Now that the economy shows signs of recovery and there is a pick-up in the property sector, the government intends to continue aggressively to generate increased domestic demand for landed properties, including, through organising housing fairs and simplifying and speeding up loan approvals and legal documents. The month-long home ownership campaign launched in december last year was a major success. The campaign generated considerable interest and rekindled upstream and downstream activities. The campaign was also crucial in reviving the building and construction industries.

Ladies and gentlemen,

12. Despite the glitch caused by the economic crisis, the government remains fully committed to meeting the housing needs of the lower-income group. In the 1999 budget, the government established a number of funds, such as the housing fund for the hardcore poor and fund to accelerate the construction of low-cost housing.

13. Through these funds, a total of 27,500 units of low-cost houses are expected to be built by the end of 1999. In addition, the government allocated rm783 million for the construction of housing for public servants, including teachers, members of the armed forces, police, customs and immigration service.

14. This does not include the low-cost housing programmes implemented by the various state governments. In addition to these measures, syarikat perumahan negara, was incorporated in 1998 with a capital of rm2 billion to provide loan facilities to developers of low-cost projects. Government policies have adapted and developed from the early days of independence. Today, the focus for low-cost housing is to ensure increased accessibility, affordability and providing adequate and quality housing, particularly for the lower-income group. Towards this end the government will provide an additional of rm 600 million for the public low-cost housing programme.

15. In ensuring that all Malaysians can afford a home, government agencies have a pivotal role in many areas, particularly those related to land matters. State government and relevant authorities have to streamline the processing to ensure

expeditious decision making.

16. The information technology will speed up the process. At the same time, transaction costs should be reduced to ensure it does not burden prospective developers and delay the recovery of the housing sector.

Ladies and gentlemen,

17. It is often assumed that free market systems lead to competition and in turn to price undercutting and this, it is argued, eventually benefits house buyers. Well, this is not so.

18. Housing prices continue to rise despite increased production, especially in the medium and high-end categories. The price trends affect average Malaysians ability to own a home. Price de-regulation in low-cost housing in 1998 and the abolishing of the rent control act by end 1999 will further affect prospective house buyers abilities to own homes. This may lead to a greater housing inequality.

19. The recent crisis showed us that the worst affected were properties in the higher end. This should lead developers to re-think strategies and should in fact lead them to focus more on tailoring their production to fulfill popular demand, that is, housing in the lower and middle ends. The lessons we learnt from the crisis also demand that banks and financial institutions re-look their lending policies and practices and perhaps, review conventional repayment schemes.

20. There is ample evidence to show that low-income families and the 'poor' were in fact better borrowers\* failure to pay back amongst the lower income groups was less than that of other groups. Another vital issue which developers and banks should realise is that there is a greater demand for home ownership among the middle and lower income groups who form a large proportion of the employed population. Financial institutions should device a mechanism that enables these groups to secure loans easier.

21. In Malaysia, the private sector is given pivotal and lead roles while the public sector complements them. In coming years, this relationship will continue but the government expects a greater and more in-depth participation of the private sector in rural housing. The sharing of the responsibility between the public and private sectors is to fulfill the social responsibility, the basics in the process of nation-building.

22. A market dichotomy in low-cost housing was intended to gauge production capacity by the two sectors to complement each other. In the public sector housing, its implementation is more of an allocative strategy to allow more low-income families to have greater access to housing, especially in small towns, urban fringes and rural areas. Thus, the overall implementation of housing programmes have two basic purposes, that is, a profit for builders and at the same time, to fulfill a social responsibility for the well-being of Malaysian society. This is a basic feature of a mixed economy which Malaysia upholds.

Ladies and gentlemen,

23. The market dichotomy I speak of is slowly diminishing with the introduction of new pricing schemes for low-cost houses. The four-tier pricing schemes assure more

returns and profits from investments in low-cost houses. Builders should take advantage of the situation by building more low-cost houses.

24. However, changes in price also affect demand when incomes do not grow at the same pace as the increase in prices. Effective demand will slacken when higher prices reduce affordability. Price increases also affect customers behaviour, choices and preferences and builders need to take heed of this. The market scenario in low-cost houses might change from active to mild. However, its share of the market is still large.

25. The 1997 household income survey showed that 30.5 per cent or 1.26 million households had monthly incomes of between RM 700 and RM 1500; 23 per cent or 954,875 households had incomes between RM 1500 and RM 2495. The aggregate numbers of 2.2 million households, or 53 per cent, represents a big share of demand for low-cost, low medium-cost and medium cost houses.

Ladies and gentlemen,

26. The housing industry is not like other industries which sell services or other products. A house is a basic need in society. As members of this society, housing developers must place the greater interests of the community at large and the nation above that of profits.

27. It will take some time for the housing sector to recover fully and enjoy again the margins of the boom years. But the industry can use the current recovery to cash in by building affordable homes that those with funds and credit lines can purchase. Housing developers must also have the moral responsibility to ensure that homes built are of the highest standards and that a buyer gets his or her money's worth. For most house buyers, it is their biggest investment in life and in many cases, people use life-long savings to buy a home. Ethics determine that there should be no breach of trust in the transaction between developer and buyer.

28. Another area, which I deem as one which developers should give top priority to, is the environment<sup>1</sup>. In our quest to provide housing for all, environmental concerns must never, never be neglected. Admittedly, in the past, some local authorities have not been effectively thorough in processing applications, particularly on hill slopes. There have been tragedies which should never have occurred. Money-chasing developers and sloppy bureaucrats make a very dangerous combination. Neglecting the environment can cause far reaching consequences not only in terms of loss of lives but also on the effect the environmental degradation will have on the quality of life of our future generations. I would therefore urge all developers and approving authorities to make sure that the environment is protected at all times.

Ladies and gentlemen,

29. In Malaysia, the housing industry play an important role towards fostering unity and social integration. Housing should not only be perceived as an important economic activity but also from the perspective of national security and national unity. The strategies adopted to achieve these goals are through mixed housing as well as sustainable settlements. The 30 per cent allocation quota for bumiputras is to enhance ethnic balance and ethnic mixed in housing settlements. Our success in reducing inter-racial friction and forging a sense of national unity and belonging is an indicator of the success of this policy.

30. Another area which i strongly believe developers should heed is the need to provide ample facilities in housing estates, especially for the lower and lower- middle income groups. Why must lower-cost housing estates not have adequate facilities such as recreational areas, parks, more space and other facilities which seem to be the standard in the upper end housing estates?

31. Profits cannot be and should not be the only motivating factor in building houses. Developers have a social responsibility to provide proper amenities and facilities to allow those in low and low-middle cost settlements to have a proper environment to develop mentally and physically. We have seen the negative social effects cramped housing has had in some island nations which are helpless in providing better facilities for lack of space. In Malaysia, we do not have the problem of land scarcity. Yes, costs are higher if such facilities are provided. But in the interests of nation building, there have to be sacrifices made. A lower profit margin will not make a developer much poorer. But a lack of facilities will hamper for life the ability of a person staying in a lower cost housing estate to enjoy a better standard of living.

32. I hope that the housing industry places emphasis on its social responsibilities. In this matter, i am pleased and proud to note that there are developers who are making the effort to fulfill their social responsibility by providing facilities such as i.t. and computer centres in low-cost housing projects. I hope others will emulate this.

Ladies and gentlemen,

33. Mass housing, human estates, less concern for habitable physical and social environment, lack of emphasis on human and family values and unhealthy housing are some features that Malaysians have experienced. In the early days of the transitional economy, these were accepted. At that time, all that mattered was to meet housing needs across society, social class and economic status. Market was an important determinant. The industry grew phenomenally. But today, the housing industry has reached maturity and undergone both the boom and bust periods.

34. In the new millennium, in the light of global concern for healthy citizens, an important health agenda is healthy housing. Healthy housing means providing a safe and healthy environment for its inhabitants. It means housing free from hazards, sufficient space for all members of the family, sanitary collections and disposal of liquid and solid wastes and a hydro-thermal indoor environment. In short, healthy housing is not just concerned with sanitary and hygienic design of the shelter but with the whole spectrum of physical and mental health and social well-being both within the dwelling and in the residential environment.

35. The new millennium brings with it new challenges for the housing industry. It brings greater demand for better living and greater affordability. And as we ready ourselves to enter this new era, i hope we will bear in mind the responsibilities we have and owe to the people who will be occupying the homes of the future.

36. Once again, i would like to thank the organisers of this summit. I wish you a successful meeting. On this note, i am pleased to declare this first National Housing Summit open.

Thank you