

Eradication of Urban Poverty and Redevelopment of Lower Income Settlement: The Malaysian Experience

Mohd. Razali Agus

Abstract

Past policies on lower income housing in Malaysia has brought changes to the need of the urban poor. In late 1999, the Malaysian government introduced a new policy of redevelopment of squatter settlements in urban areas to improve the standard of living of the urban poor. Two programs are currently being implemented. Firstly, the Kuala Lumpur Integrated Low-Income Housing Program. Secondly, the Selangor Privatized Low-Income Housing Program. This paper is an attempt to analyze the implementation of these programs and it also highlights the strength and weaknesses of the program in eradicating urban poverty

Key Words: Squatters, Poverty, Lower Income Groups, Housing Redevelopment.

Introduction

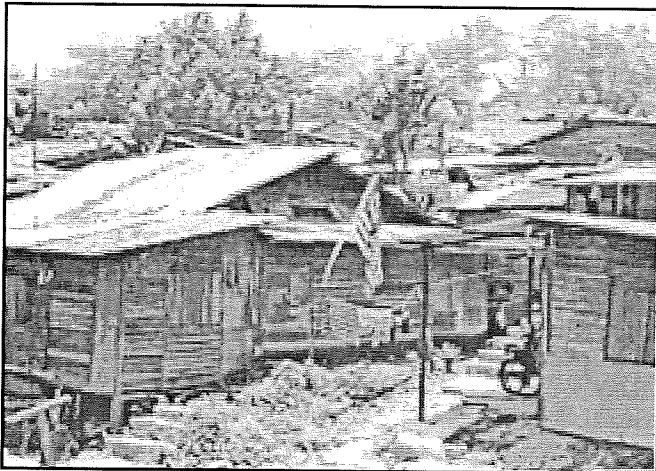
The urbanization process in Malaysia is very rapid. It is envisaged that by the year 2005, more than 70% of the population live in urban areas. Traditionally, low-income settlements in large urban centers in Malaysia have been referred to simply as Kampung (villages), Penempatan Setinggalan (squatter settlements) or Kawasan Perumahan Kos Rendah (low-cost housing areas). The squatter community in Kuala Lumpur is one of the most visible low-income groups. City Hall authorities have categorized this as an urban-poor group because their income level is below the average monthly

Mohd. Razali Agus Ph.D is currently Deputy Vice-Chancellor, Students Affairs at University of Malaya, Kuala Lumpur.

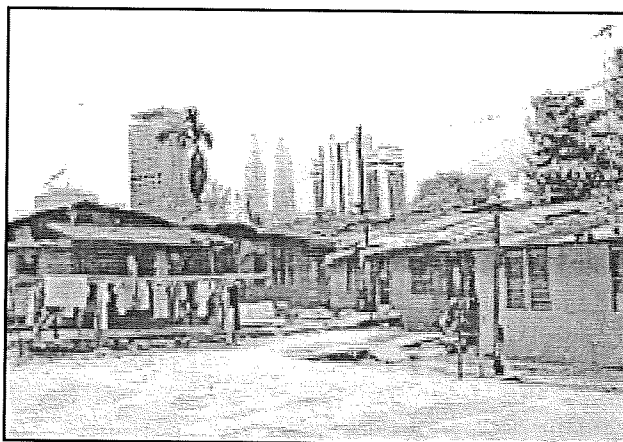
income of RM 1,500 (equivalent to US\$ 395) for urban households. Owing in part to their lower educational attainment, in part to their lower general lack of basic skills and of formal training, the majority of them have had to turn to informal economic activities (Fourth Malaysian Plan, 1981-1985). The latest data on squatters show that there were 120,000 squatters in Kuala Lumpur city and 170,000 squatters in the state of Selangor. In 2000, the federal government introduced a new policy of 'zero' squatter in Kuala Lumpur and Selangor by the end of year 2005.

Squatters in Kuala Lumpur

Squatter problems are more acute in Kuala Lumpur than other cities in Malaysia. There are several reasons that have contributed to these problems. First, Kuala Lumpur, as the center of administrative and commercial activities in Malaysia, has attracted a large.



A cramped and overcrowded squatter housing

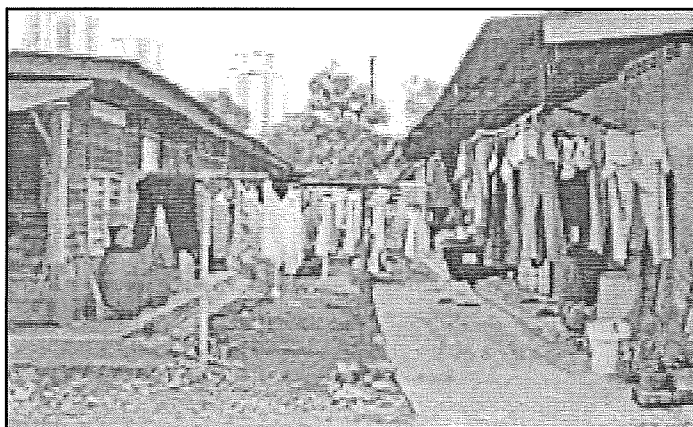


Squatter settlement next to high-rise development

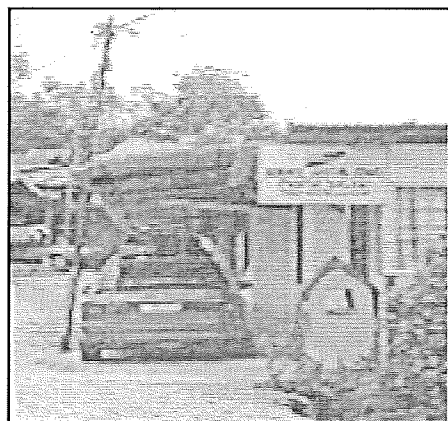
The city has often been dubbed “the primate city” (Kurt Wehbring, 1976 ; Wegelin, 1978 ; Johnstone, 1979 ; Wan Abdul Halim Othman, 1982). City Hall estimates that the squatter population of 234,693 comprises about 17 percent of the city’s total population (McGee, 1967). The Enforcement Directorate of Kuala Lumpur City Hall monitors the movement of squatters and controls the growth in size and number of squatters, as a percentage of the total population, had declined, the absolute number of squatters in the city is still quite large (Dewan Bandaraya, 1981).

Distribution of Squatters in Kuala Lumpur, 1970-1990

According to Kuala Lumpur City Hall, there were about 25,000 squatter families and a total squatter population of 103,370 living in the city in 1970. Malays comprised about 20 percent of this figure, Chinese, 67 percent and Indians, 13 percent. The following decade saw a rapid increase in the squatter population to 46,000 squatter families and a total population of 236,101 by 1980. It was the Malay squatter population that grew most rapidly in the seventies, followed by the Indians and the Chinese.



Squatter transit housing

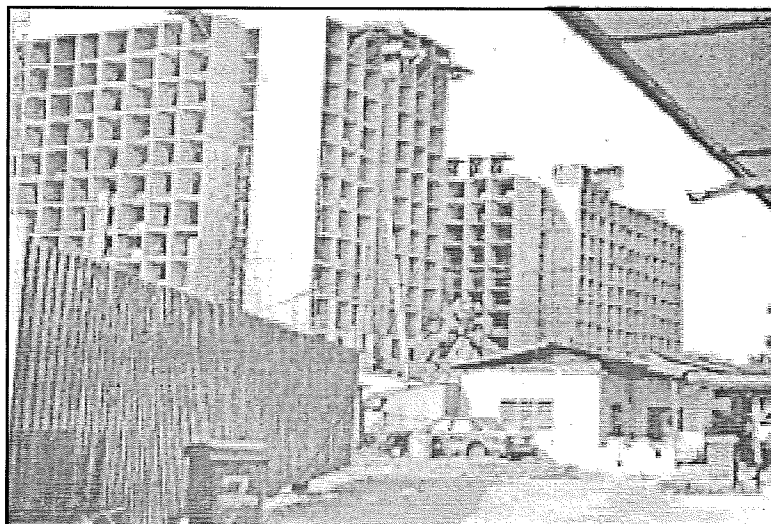


Well-do-to squatters with cars?

It will be noted, however that the Chinese squatters declined over the period as a percentage of the total number, from 67 percent in 1970 to 53.5 percent ten years. During the second decade (1980-1990), the Malay and Chinese squatter populations comprised a slightly higher proportion of the total, while the Indian squatters declined from 16.4 percent in 1980 to 15.3 percent in 1990. The slight decline in total population in squatter settlements between 1980 and 1990 reflects the direct policies of City Hall. The movements of squatters were monitored regularly, and controls were imposed both on the expansion of existing squatter settlements and on the formation of new ones.



New low cost public housing with parking facilities



Newly constructed low cost housing

A relocation program was set up by City Hall to ease the over crowding of these settlements. Between 1978 and 1988, the City had relocated about 45,606 squatters, first to Rumah Panjang (Long Houses) and later to low-cost public housing. Squatters were thus moved about from single-unit dwellings with few if any of the basic amenities, to temporary wooden row houses with about ten dwellings in each unit. From there, they would eventually be transferred to five-story walk-ups or more commonly to high-rise units.

A large number of squatter families thus had to undergo a period of rapid adaptation be set with discontinuities to life in more settled conditions with the advantage of all the basic amenities. However, new migrants continued to replace the relocated squatters. Overall, the number of squatters had decreased only slightly to 45,048 squatter families for a total squatter population of 234,693 living in 32,066 dwelling in 1990. It will thus be noted that there are, on average, 5.2 persons in each family; 7.3 persons per dwelling and 1.4 families per dwelling. About 197 squatter settlements still remain in Kuala Lumpur located in various areas between the central business district and the periphery of the city. The policy of conservation rather than demolition has been pursued by the City Hall until year 2000.

Squatters in Malaysia

The latest data on squatters in Malaysia (1999) show that they occupied 1037 villages with a total number of 116,412 households or slightly more than 0.5 million squatters (see Table1).

In terms of the number of squatter buildings, the University of Science Malaysia survey (1999) done for the Ministry of Housing and Local Government, shows that there were 84,802 squatter buildings in Malaysia in 1999 (see Table 2). Not all the buildings were used for residential purposes. For instance, in Kuala Lumpur city, only 95.6 percent of the squatters were used for residential purpose.

Table 1: Number of Squatter Villages and States In Malaysia, 1999

STATE	NUMBER OF VILLAGES	NUMBER OF HEAD HOUSEHOLD
Selangor	248	33,827
Sabah	143	30,079
Federal Territory of Kuala Lumpur	197	23,970
Johor	74	7,280
Sarawak	75	7,377
Perak	118	3,540
Kedah	58	2,824
Kelantan	27	1,654
Pulau Pinang	26	1,803
Perils	22	1,002
Terengganu	12	632
Pahang	23	869
Negeri Sembilan	9	196
Melaka	5	42
Federal Territory of Labuan	1	1,315
TOTAL	1 037	116,120

Source: Ministry of Housing and Local Government, 2001

Table 1: also shows that the state of Selangor has the highest number of squatter households (33,827 households), followed by Sabah (30,079 households) and Federal Territory of Kuala Lumpur. The lowest number of squatter households can be found in the state of Melaka (42 households).

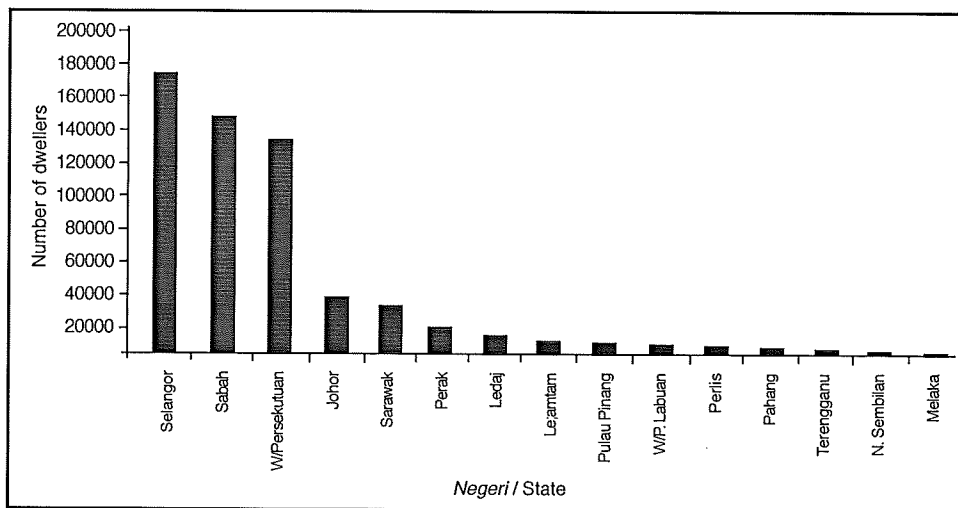
Table 2: Number of Squatter Buildings and Percentages of Squatter Residence in Malaysia, 1999

STATE	SQUATTER BUILDING	%
Sabah	30,882	97.4
Federal Territory of Labuan	1,315	100.0
Federal Territory of Kuala Lumpur	25,066	95.6
Johor	7,360	98.9
Sarawak	7,399	99.7
Perak	3,548	99.8
Kedah	2,897	97.5
Pulau Pinang	1,871	96.4
Kelantan	1,702	97.2
Perlis	1,015	98.7
Pahang	869	100.0
Terengganu	640	98.8
Negeri Sembilan	196	100.0
Melaka	42	100.0
TOTAL	84,802	98.1

Source: Ministry of Housing and Local Government, 2001

Table 2: shows that Sabah has the highest number of squatter buildings in the country (30,882 squatter buildings) followed by Federal Territory of Kuala Lumpur (25,066 buildings) and Sarawak (7,399 buildings). Selangor was not included in the survey.

CHART 1: Number of Squatters in Malaysia, 1999



Source: Ministry of Housing and Local Government, 2001

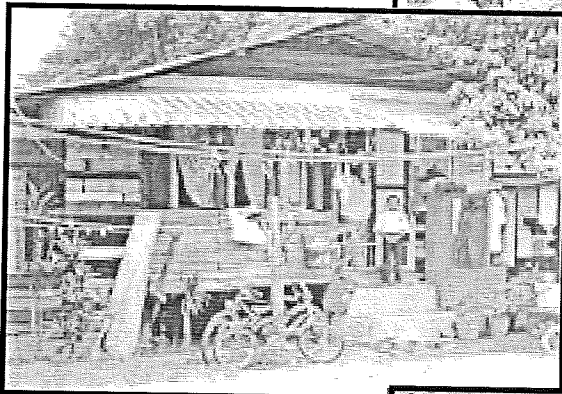
Chart 1 shows that the biggest number of squatters can be found in the states of Selangor (171,396 squatters), Sabah (144,312 squatters) and Federal Territory of Kuala Lumpur (129,129 squatters).

The new policy of “zero” squatters by the year 2005 has been implemented by both the Federal Territory of Kuala Lumpur and the state of Selangor. In Kuala Lumpur, the federal government through the Department of National Housing, Ministry of Housing and Local Government implemented a resettlement programme by constructing a lower cost public housing projects called the “*Program Perumahan Rakyat*” or People’s Housing Programme. Both the Department of National Housing and the Kuala Lumpur City Hall managed the construction of projects. Both agencies distributed the houses to the affected squatters in the resettlement programme. They are currently involved in the community development programme with the squatters so that they could adjust and adapt in the new low-cost public housing environment.

In the state of Selangor, a new approach was undertaken by involving the private housing developer in the construction of low-cost high-rise housing. The state government provided the land or leased the land to private developers and imposed a minimum land premium to the developers. The resettled squatters were guaranteed a housing price at a cost of not more than RM 35,000. The state of Selangor subsidized RM 7,000 for every unit purchased to every successful squatter resettled in the so called, “the privatized low-cost housing programme”.

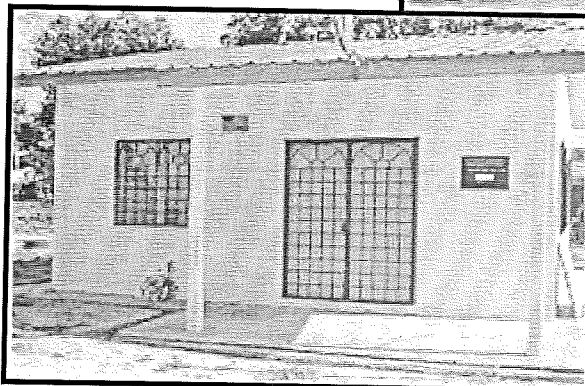
In this study, we had managed to document some of the squatter settlements in Kuala Lumpur and Selangor. The full documentation will appear in the following book entitled, “*Squatters in Malaysia: A Pictorial Journey (2004)*”.

Deplorable
dumping
ground



Kampong-
style
housing

Squatter
villagers
trading
clothes and
garments
from house
to house.



A
community
hall

Integrated People's Housing Program in Kuala Lumpur]

In 1999, the former Prime Minister announced the implementation of "zero" squatters policy by resettling the squatters into newer housing areas or by redeveloping the squatters settlements into a comprehensive low-cost housing program called the integrated people housing program or in Malay, **Program Perumahan Rakyat Bersepadu**. About 34,148 units were planned by the City Hall with the cooperation of the National Housing Department. It should be noted that in 2003, the number of squatters has reduced to 25,000 households. This is the largest single public housing program undertaken by the federal government to eradicate the squatters in Kuala Lumpur. The entire program is expected to accommodate 35,000 low-income households, including the targeted squatters (Mokhtar, 1993; Agus, 1993b; 1994; In 1999, the former Prime Minister announced the implementation of "zero" squatters policy by resettling the squatters into newer housing areas or by redeveloping the squatters settlements into a comprehensive low-cost housing program called the Integrated People's Housing Program or in Malay, **Program Perumahan Rakyat Bersepadu**. About 34,148 units were planned by the City Hall with the cooperation of the National Housing Department. It should be noted that in 2003, the number of squatters has reduced to 25,000 households. This is the largest single public housing program undertaken by the federal government to eradicate the squatters in Kuala Lumpur. The entire program is expected to accommodate 35,000 low-income households, including the targetted squatters (Mokhtar, 1993; Agus, 1993b; 1994, 2002).

Privatized Low-Income Settlements in Selangor

In Selangor, the state government adopted a slightly different approach in redeveloping the squatter settlements. The state government with the assistance of local authorities invited the private sector to redevelop the settlements. Under the cross-subsidization scheme, the developers were given the opportunity to develop the squatter areas into a mixed development program. Profits from the sales of non-lower income housing helped developers in subsidizing the lower income groups. In Selangor about 40,000 squatter households were given the opportunities to participate in the redevelopment program. In addition, the state government also subsidized the cost of housing by RM 7,000. Thus, squatters had to pay only RM 35,000 (US\$ 9,210) per unit.

With a new emphasis on the low and medium-income housing, the private housing developers were given a greater role in constructing low-income housing in the country. It is the policy of the state governments to resettle the squatters into planned housing estates with adequate infrastructure facilities and social amenities (Wegelin, 1978; Jonstone, 1981; Dewan Bandaraya, 1992). Under the sustainable urban housing program, the provision of social facilities such as schools, clinics and community halls is emphasized. In addition to the provision of basic infrastructure facilities, the promotion of **rukun tetangga** (the urban neighborhood program) is encouraged.

Moreover, the concept of human settlement was further improved by focusing on the participation of the target groups in the planning process. The new element in the human settlement concept is also in line with the Malaysian government's Vision 2020 program to create social justice, economic development and quality of life in the housing sector. Thus, the planning of sustainable urban housing is not merely confined to the housing needs of urban poor but also to the improvement of job opportunities, social services and physical infrastructure in order to enable the targeted group to have higher residential standards. This development will set the pace to enable Malaysia to become a fully developed nation by year 2020 not only economically but also in other aspects of urban development. More importantly, greater public participation in the planning of low-cost sustainable housing will ensure other aspects of community development, including ecological and socio-economic considerations will be given better attention in the future.

Conclusions

While the importance of the redevelopment of squatter settlements has been largely ignored in planning and urban development in many developing countries, however, Malaysia has recently given new emphasis to the redevelopment of squatter housing in major urban areas, especially in Kuala Lumpur. More importantly, the concept of human settlements have also incorporated the productivity of the private sector in implementing sustainable housing development programs in Kuala Lumpur. The recent incorporation of the private sector's role in the partnership with the local authorities in Selangor should be able to balance the need for profits with a positive response to the socio-economic needs of the lower income groups. The political will of national leaders is paramount in steering the redevelopment of the lower income settlements. Sustainable low-income housing increases the possibilities of the environmental improvement as well as for the development of small and medium-scale enterprises or urban informal economic activities. This is one of the major challenges of urban redevelopment for the twenty-first century in Malaysia.

References

- Abdullah, Taufik (1982). "Housing Finance-Policies and Objectives," **Development Forum**, Vol. XIII, (1), (June), pp. 53-61.
- Agus, Mohd Razali (1983). Politik Perumahan Awam Kos Rendah di Malaysia: Satu Nota (Politics of Public Low-Cost Housing: A Note) **Manusia dan Masyarakat** (Journal of the Department of Anthropology and Sociology, University of Malaya) New Series 4 pp. 57-70.
- Agus, Mohd Razali (1986a). The New Role of the Public and Private Sectors in Implementing the Special Low-Cost Housing Program: The Malaysian Experience. Paper presented at the International Symposium on Housing, Ministry of Construction, Japan and City of Yokohama (Oct 28 - Nov 3).

- Agus, Mohd Razali (1986b). **Politik Dalam Perumahan** (Politics of Housing). Kuala Lumpur: Gateway Publishing House.
- Agus, Mohd Razali (1987). "Peranan Kerajaan Dalam Pengagihan perumahan Awam Kos Rendah di Malaysia: Satu Kajian Perbandingan (The Role of the State in Distributing Low-Cost Housing in Malaysia: A Comparative Study)." In **Pembangunan di Malaysia: Perencanaan, Pelaksanaan dan Prestasi**. Kuala Lumpur, Persatuan Sains Sosial Malaysia, pp. 121-137.
- Agus, Mohd Razali (1989a) New Housing Policy in Malaysia: Public and Private Cooperation for the Development of Low-Cost Housing. Paper presented at the Sixth Inter-schools Conference on Development: Emerging Issues in the Third World Housing Policies, 1990's and Beyond, Centre of Development Planning Studies, University of Sheffield, U.K. (March 18-19).
- Agus, Mohd Razali (1989b) "Public Sector Low Cost Housing in Malaysia," **Habitat International** 13 (1) pp. 105-115.
- Agus, Mohd Razali (1989c). "Urbanization and Low-Income Housing in Malaysia," **Journal of Population and Social Studies** 2 (2) (January), pp. 205-221.
- Agus, Mohd Razali (1989d). "Impact of Urbanization on the Urban Malays of Malaysia: Problems of Homeownership of the Lower Income Groups," **Sarjana: Jurnal Fakulti Sastera dan Sains Sosial, Universiti Malaya**, 5 (December), pp. 113-132.
- Agus, Mohd Razali (1992a). **Pembangunan Perumahan: Isu dan Prospek** (Housing Development: Issues and Prospects). Kuala Lumpur: Dewan Bahasa dan Pustaka.
- Agus, Mohd Razali (1992b). "Housing Development and the Urban Kampung," **Manusia dan Masyarakat**, New Series No. 7, pp. 30-44.
- Agus, Mohd Razali (1992c). "Spatial Patterns in a Growing Metropolitan Area - Kuala Lumpur," **Malaysian Journal of Social Research**, Vol. 1, (I), pp. 33-48
- Agus, Mohd Razali and Talib, Rokiah (1992d) "Social Problems and Health in Urbanization," **Southeast Asian Journal of Tropical Medicine and Public Health**, 181, (23), (Supplement 3), pp. 84-93.
- Agus, Mohd Razali (1993a). **Keselesaan Penghuni dan Pilihan Bakal Pembeli Perumahan Kos Rendah di Terengganu Darul Iman** (Dwellers' Satisfaction and Choices of Low-Cost House Buyers in Terengganu Darul Iman). Kuala Lumpur: Institut Pengajian Tinggi, Universiti Malaya).
- Agus, Mohd Razali (1993b). "Penempatan Setinggan Perlu Dibangunkan Semula," (Squatter Settlements Should be Redeveloped), **Dewan Masyarakat**, 31 (11), pp. 28-30.

- Agus, Mohd Razali (1994). "Urban Growth, Poverty and the Squatter Phenomenon in Kuala Lumpur." In **Poverty Amidst Plenty**. Edited by Jamilah Ariffin. Petaling Jaya: Pelanduk Publications, pp. 127-149.
- Agus, Mohd Razali (1995a). "The State and Low-Cost Housing in Peninsular Malaysia." In **Dimensions of Tradition and Development in Malaysia**. Edited by Tan Chee Beng and Rokiah Talib. Petaling Jaya: Pelanduk Publications, pp. 159-177.
- Agus, Mohd Razali (1995b) Pembangunan Perumahan Wargakota (Housing Development for City's Residents). In **Titian Warna Sejarah Pembangunan dan Perubahan Citra Kuala Lumpur**. Kuala Lumpur: Penerbitan Sejarah, pp. 105-114.
- Agus, Mohd Razali (2001). **Perumahan Awam di Malaysia: Dasar dan Amalan** (Public Housing in Malaysia: Policy and Practice). Kuala Lumpur: Utusan Publications and Distributors Sdn. Bhd.
- Agus, Mohd Razali (2002). The role of state and market in Malaysian housing sector," **Journal of Housing and Built Environment**, Vol. 17, pp. 49-67.
- Agus, Mohd Razali (2004). **Squatters and Redevelopment of Squatter Settlements in Malaysia: A Pictorial Journey**. Kuala Lumpur: University of Malaya Press.
- Agus, Mohammed Razali, Doling, John and Lee, Dong-Sung (Eds.) (2002). **Housing Policy Systems in South and East Asia**. London: Palgrave-Macmillan.
- Dewan Bandaraya (1982a), **Laporan Tahunan 1982** (Annual Report, 1982). Kuala Lumpur: Dewan Bandaraya Kuala Lumpur.
- Dewan Bandaraya (1982b), **Draft Structure Plan**. Kuala Lumpur: Dewan Bandaraya Kuala Lumpur.
- Dewan Bandaraya (1984), **Kuala Lumpur Structure Plan**. Kuala Lumpur: Dewan Bandaraya Kuala Lumpur.
- Dewan Bandaraya (1992) **Deraf Laporan Akhir Banci Semula Setinggalan Wilayah Persekutuan 1992** (Draft Report of the Census of Squatters in the Federal Territory, 1992). Kuala Lumpur: Dewan Bandaraya Kuala Lumpur.
- Dewan Bandaraya dan Pusat Pengajian Perumahan, Bangunan dan Perancangan, USM (1993) **Bancian Semula Setinggalan Wilayah Persekutuan Kuala Lumpur 1992** (The Census of the Squatters in the Federal Territory of Kuala Lumpur). Kuala Lumpur: Dewan Bandaraya Kuala Lumpur. -
- Drakakis-Smith, David. (1977). "Housing the Urban Poor in West Malaysia: The Role of the Private Sector." **Habitat International**, 2 (5/6).

- Johnstone, Michael (1981). "The Evaluation of Squatter Settlements in Malaysia." **Journal of Southeast Asian Studies**, 19(1).
- Johnstone, Michael (1982). Residential Construction and Financial Institutions in the Periphery: A Case Study from Peninsular Malaysia. In **Geography and the Third World**. Edited by Ismail Ahmad and Jamaluddin Md Jahi. Bangi: Penerbit Universiti Kebangsaan Malaysia, pp.159-176.
- Laws of Malaysia (1976) **Town and Country Planning Act, 1976 (Act 172)**. Kuala Lumpur: The Government Press.
- Lim, Cheng Tatt (1982) Implementation of Low-Cost Housing Under the Fourth Malaysia Plan Development Forum, NO. XIII (1) (June), pp 1-9.
- Malaysia (1971). **Second Malaysia Plan, 1971-1975**. Kuala Lumpur,: The Government Press. Malaysia (1976). **Third Malaysia Plan, 1976-1980**. Kuala Lumpur: The Government Press. Malaysia (1981). **Fourth Malaysia Plan, 1981-1985**. Kuala Lumpur: The Government Press. Malaysia (1986). **Fifth Malaysia Plan, 1986-1990**. Kuala Lumpur: The Government Press. Malaysia (1991). **Sixth Malaysia Plan, 1991-1995**. Kuala Lumpur: The Government Press.
- Malaysia (1993). **Mid-Term Review of the Sixth Malaysia Plan, 1991-1995**. Kuala Lumpur: The Government Press.
- Malaysia (1996). **Seventh Malaysia Plan, 1996-2000**. Kuala Lumpur: The Government Press.
- Mokhtar, Long Idris (1993) Urban Housing With Special Emphasis on the Squatter Population of Kuala Lumpur. In **Meeting Housing Needs: Issues and Policy Directions**. Edited by Kamariah Othman (Kuala Lumpur, ISIS and Friedrich Ebert Stiftung), pp. 15-31.
- Monershinghe, Noel (1985) Research Needs and Priorities in Housing and Construction in Malaysia, **Habitat International**, 9 (2) pp. 37-57.
- Othman, A.H., A. Talib and S. Osman (1982), Malaysia and the Housing Problems: Searching for Solutions. In **Geography and the Third World**. Edited by Ismail Ahmad and Jamaluddin Md. Jahi. Bangi: Penerbit Universiti Kebangsaan Malaysia, pp. 35 - 39.
- Salih, Kamal (1979) **Urban Development in Malaysia** (Nagoya, Japan, United Nations Centre for Regional Development). Working paper no. 74-3.
- Sen. M.K. (1986) Problems and Obstacles from the View of the Construction Industry. In **Target 80,000: Malaysia's Special Low-Cost Housing Scheme**. Kuala Lumpur: ISIS Publications.
- Sendut, Hamzah and Tan, Soo Hai (Eds) (1979) **Public and Private Housing in Malaysia**. Kuala Lumpur: Heinemann.

Tan Soo Hai (1983). "Low-Cost Housing in Malaysia: a Review of Public Sector Involvement." In **A Place to Live: A More Effective Low-Cost Housing in Asia**. Edited by Y.M. Yeung (Ottawa, IDRC Publications) pp. 65-78.

Wegelin, Emiel (1978). **Urban Low-Income Housing and Development**. Leiden: Martinus Nijhoff.