

Universiti Teknologi MARA

**Low Cost Housing Provision By The Private Sector
In A Booming Economy**

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ABSTRACT

In Malaysia, it is an accepted perception that the private sector can only be an efficient provider of low cost houses in a favourable economic situation. A situation in which an “adequate” level of profit must be achieved by the private sector so that the “loss of profit” attributed by the low cost housing provision can be offset or subsidised.

It is also an accepted notion that poverty is the main contributing factor to the problem of urban low income housing. One school of thought says that the problem of urban homelessness would be effectively dealt with when a certain level of household monthly income (above RM 750) is achieved by the urban low income families. This is because it would provide the effective demand for low cost houses and more significantly, to make themselves accessible to bank housing loans.

Between 1989 – 1996, Malaysia experienced an economic boom at an unprecedented magnitude. This research shows that private housing developers, construction companies and bankers had significantly benefited financially from the economic boom. The urban low income families had also experienced outstanding improvement in terms of monthly income. Poverty was also reduced significantly.

Ironically, as proven by this research, despite the positive developments, the supply of low cost housing and its accessibility to the low income urban families did not improve. Consequently, these developments directly challenged the validity of the current accepted notions on low cost housing provision.

The research attempts to identify the actual or hidden factors contributing to the poor accessibility of low cost houses to the urban low income families. This has produced some unexpected findings. This research calls for the problem of urban homelessness to be perceived, understood, and resolved in a different way. Hitherto, we have only dealt with the symptoms of the problem but the root to the problem is still untouched.

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LOW COST HOUSING PROVISION BY THE PRIVATE SECTOR IN A BOOMING ECONOMY

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