

# **URBAN HOUSING OWNERSHIP: FACTORS INFLUENCED THE PROBLEMS FACED BY THE BUMIPUTERA IN THE DISTRICT OF JOHOR BAHRU, JOHOR, MALAYSIA**

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## **ABSTRACT**

Bumiputera housing problems and issues in the urban areas begin from the process of urbanisation and industrialisation, which bring in many immigrants from rural areas. Most of these immigrants are bumiputera come from the lower and medium income groups. They can't afford to pay rental or purchase houses at a higher price. Thus, it created socio-economic problems, especially in the urban areas. To solve these problems, the government intervention is needed. Government intervention can be in the form of introducing various housing policies and regulations. One of them is the introduction of Bumiputera Lot Quota Regulation. The aim of this regulation is to balance the distribution of property ownership, especially the residential units among the bumiputera and non bumiputera. Under this regulation, the developers had to allocate at least 30 percent from the total property development for the bumiputera's quota, at discounted rate between 5 to 15 percent of the selling price. The State Authorities have the discretion to fix the discounted rate. Although this regulation was introduced for decades, under the New Economic Policy (NEP), 1971, the selling rate of these houses is still low, at an approximately 15 percent from the total allocated. Thus, it shows that property ownership among the bumiputera is still low. In Johor Bahru, the selling rate of these houses is approximately 15 percent of the allocated quota. A case study is carried out to identify the factors that influenced this problems and issues. In this case study, a field survey is carried out. The result from the analysis shows that, the factors which influenced the housing problems and issues among the bumiputera in Johor Bahru are, the offered selling price is high, difficult to secure end financing, difficult to allocate 10 percent deposit, type and accommodation of the house is unfavorable and the location is not strategic. However, the most important findings in this paper are, the regulations failed to achieve its goal and the affordable housing for most bumiputera is below RM150,000 per unit.

Key words: Housing, housing policy, bumiputera

## **INTRODUCTION**

Bumiputera housing had been the problems and issues that to be solved in the democratic system of distribution among the ethnics in Malaysia. Although various policies and implementations had been introduced and carried out by the Government, bumiputera housing problems and issues is yet to be settled. This is because the distribution of housing between the bumiputera and non bumiputera is still imbalanced. Housing sector in Malaysia had been and still dominated by the Chinese ethnic, especially in the major towns and cities such as Kuala Lumpur, Johor Bahru, Ipoh and Penang. The housing quota, especially for the bumiputera ownership was introduced through New Economic Policy, (NEP), 1971 and until now, the policy failed achieved its goals. The New Economic Policy era was passed and replaced by National Development Policy (NDP), 1991. However, many housing units allocated specially to the bumiputera, under the Bumiputera Lot Quota were not taken up or bought fully (Ramon, 2003). The percentage of housing units bought or taken by the bumiputera is low, i.e. less than 25 percent of the total provided (The Edge Malaysia, Mac 31-Apr 6, 2003). The question now is what's has gone wrong?

## **AIM OF THE HOUSING POLICY**

Most of the housing policies in the developing countries were framed and formed to solve public housing problems faced by the lower and medium income groups (Vincent and Joseph, 2000). Due to the urbanisation and industrialisation process, had caused insufficient housing for these group. The policy must has the characteristic to assist these groups the opportunity to buy and own houses through subsidies, secure financing, lower and flexible rate of borrowing. Ismail Omar (2000), the development of housing policy is to provide the public to own affordable housing with enough amenities. Housing policy can help to reduce the different intensity between ethnics and enhance social integration, as such this quota system practiced in Singapore and France (Loo, Shi and Sun, 2000). Stephen (1994), the aim of the housing policy is to functioning the housing sector, which can provide interest to all participants and assist the achievement of socio-economic goals.

In conclusion, the framing and the forming of housing policies for a country must have the objectives, pointed by Ismail Omar (2000) and Harvey (1987), such as:

- a. To achieve the optimum used of present resources.
- b. To make sure the public can owned a house.
- c. Gives guild line on new location.
- d. To make sure special group of public can owned home such as elderly citizen.
- e. Steering the state and local authorities to provide fair housing distribution.

## **HOUSING PROBLEMS AND ISSUES IN MALAYSIA**

Taib Osman (2004), housing problems and issues in Malaysia arise from the urbanisation and industrialisation process. These processes bring along many immigrants from the rural areas. Hence, it created high demand for housing, especially

for the immigrants from the lower and medium income groups. Thus, it also created housing problems in the urban area. Aminah Md. Yusof and Azimah Razali (2004), urbanisation and industrialisation are the main factors that pushed up the demand of housing in the urban areas, especially from the lower and medium income groups.

Housing problems can also arise when the developers in the urban areas, have less interested to build medium and low cost housing. This is because the margin or profit earned is small. Private housing developers controlled most of the land in major towns and cities are interested to develop high cost or luxury housing for bigger margin or profit. Thus, the immigrants found that, the price of the houses offered in the urban area is beyond their affordable income (Aminah Md. Yusof and Azimah Razali, 2004; Mohd Razali Agus, 2000). Hence, it created housing problems to the immigrants with medium and lower income especially in the urban areas. These immigrants are mostly Malay, who formed the biggest group in bumiputera ethnic.

Abd. Rahim Abd. Rashid (2000), housing problems and issues occurred because of the unfairness in the distribution for the bumiputera lot quota. Housing price is opened to speculative market. Thus, it is not surprised to find some developers do not marketed or kept the houses which are to allocate specially for the bumiputera to be released after a time frame for bigger profit margin. It will affect the supply of such housing. Thus, the offered price for housing in the urban area increased or appreciated due to technically under supply, although physically the present property market is in the state of overhang. Most of the bumiputera immigrants do not afford to pay higher rental or price for housing and create squatter in the urban areas thus socio-economic problems.

To overcome these problems, the government involvement or intervention is needed to ensure that housing supply is sufficient for the public and distributed democratically among the ethnics and income groups. The involvement or intervention of the government in solving the housing issues can be done through policies and development strategies either in short or long term. One of the developments strategies is the Malaysian Five Years Development Plans.

## **HOUSING POLICY IN MALAYSIA**

Does Malaysia have national housing policy? Salleh Buang (2002), housing policy in Malaysia is concerned with the allocation of 30 percent low cost housing to the bumiputera buyers. Federal Government failed to create a comprehensive policy. The policy is mostly rest on the State Authorities and is localised in character. This is due that all land matters in Malaysia are under the State Authority.

Salfarina Samsudin (2001) and Ismail Omar (2000), housing policy in Malaysia was formed with establishment of an agency named as Housing Trust. The formation of housing policy is based on the current need and is translated into the Malaysian Five Years Development Plans

Table 1.1. shows the policies and approaches on housing, since colonial era until the Eight Malaysian Plan.

**Table 1.1: Government policies and approaches, since Colonial Era until the Eight Malaysia Plan**

Year	Policy	Emphasis on Housing Policy
Before 1957 1961-1965 1966-1970	Colonial 2 <sup>nd</sup> Malaya Plan  1 <sup>st</sup> MP	Housing Trust and quarters. Democratic housing ownership and squatters Low cost and public housing
1971-1975	NEP – 2 <sup>nd</sup> MP	Urbanisation, industrialisation, public housing estate. SEDC, UDA, Felda and SPPK.
1976-1980	3 <sup>rd</sup> MP	National Housing Council 1980. Low cost housing, Felda, quarters.
1981-1985	4 <sup>th</sup> MP	Low cost, medium and high – public and private price, qualification, type, design.
1986-1990	5 <sup>th</sup> MP	Population settlement concept, infrastructure and public amenities for public unity.
1991-1995	6 <sup>th</sup> MP	Malaysian privatisation and incorporated concepts in housing construction such as low cost.
1996-2000	7 <sup>th</sup> MP	National Housing Company – RM2 billion and CIDB, smart partnership and housing.
2001-2004	8 <sup>th</sup> MP	Integrated National Housing Policy. Government – Low cost housing. Private – Medium low, medium and high cost housing Target achievement zero squatter.

Sources: Mohd Razali Agus (1997), Ismail Omar (2000), Salfarina Samsudin (2001) and The 8<sup>th</sup> Malaysian Plan & National Housing Department (2004).

From the above table, housing policy in Malaysia can be translated into regulations that to be complied by the developers for property development approval are as follows:

- a. Regulation to allocate at least 30 percent for the low and medium cost housing.
- b. Regulation to allocate at least 30 percent of the housing development, especially for the bumiputera buyers under the Bumiputera Lot Quota Regulation.

## **AIM OF THE BUMIPUTERA LOT QUOTA REGULATION**

The Bumiputera Lot Quota Regulation was formed and implemented to give the opportunity for the bumiputera to own house at a discounted price. The regulation was formed through the goals and strategies under the New Economic Policy, 1971. The aim of the New Economic Policy is to balance and close the gap of equity ownership between the bumiputera and non bumiputera. The New Economic Policy was formed with the goal to achieve 30 percent bumiputera equity in all economic sectors. This includes real estate. Under the regulations, bumiputera house buyers are given between 5 to 15 percent discount of the developer's selling price. The developer also has to allocate at least 30 percent from the total housing development to the bumiputera.

Thus, the main aims of the Bumiputera Lot Quota Regulation, is as follows:

- a. Public unity among the ethnics in Malaysia.
- b. Encourage social integration and unity among the population.
- c. Assist the bumiputera to own houses. Fair and balance distribution in housing sectors. The bumiputera is given discounted rate between 5 to 15 percent.
- d. Most of the Malay and Indian ethnics only afford to buy low cost housing in urban area. Through the regulations it will encourage them to buy and own house and stay in town area.
- e. The involvement of private sector to assist the government in realisation of it social obligations in housing.

## **LAND DEVELOPMENT AND PROPERTY OWNERSHIP POLICY IN JOHOR**

Ahmad Ariffian Bujang, et. Al. (2000), the Johor state housing policy is to facilitate sufficient housing and is affordable for all citizens from all groups of income, especially the lower income. Housing development policy also has the aim to provide pleasant and comfortable living in the long term. Apart from that, the State Authority is also responsible to provide at least 30 percent from the total housing development to the bumiputera. The offered price is discounted at 15 percent of the developer's selling price. The Johor State Secretary Office (Housing Division) is responsible to implement and regulate both the Bumiputera Lot Quota Regulation and public medium and low cost housing.

In Table 1.2, shows the break down of the bumiputera lot quota by pricing. The break down of bumiputera lot quota by pricing had to be done because most of the high cost or expensive housing unit allocated for the bumiputera failed to be sold. Thus the State Authority had to take steps to keep the interest of the both parties, i.e. the bumiputera and developers.

**Table 1.2: Break down of bumiputera lot quota by pricing in Johor**

Type of Building	Provision for Bumi (%)	Discount	Released Period	Released Terms	Power of Approval
Housing unit above RM300,000	20%	15%	6 months or at least 50 percent Completed	4 times advertised in local newspaper.	Full power given to the Housing Exco through power of attorney by the State Executive Council.
Housing unit from RM200,001 to RM299,999	30%	15%	6 months or at least 50 percent completed.	4 times advertised in local newspaper.	Full power given to the Housing Exco through power of attorney by the State Executive Council.
Housing unit from RM200,000 and below	40%	15%	6 months or at least 50 percent completed.	4 times advertised in local newspapper.	Full power given to the Housing Exco through power of attorney by the State Executive Council.
Shop House and Commercial Building	40%	15%	6 months or at least 50 percent completed.	4 times advertised in local newspaper.	Full power given to the Housing Exco through power of attorney by the State Executive Council.

Source: National Land Convention, 2002

## BACKGROUND OF THE CASE STUDY: JOHOR BAHRU

The district of Johor Bahru has an area of 1,765.43 sq. km. and is the most developed district in Johor, either in economic or real estate development activities. This district also is the most populated in Johor because of population immigration. Thus, in order to give good and efficient services, the administration of the district is divided into five local authorities. They are Johor Bahru City Council (JBCC), Johor Bahru Tengah Municipal Council (JBTCM), Kulai Municipal Council (KuMC), Pasir Gudang Local Authority (PGLA) and Johor Bahru District Local Planning Authority (JBDLPA). Thus, it can be concluded that the district of Johor Bahru is mostly covered by the urban areas.

The total population in the district of Johor Bahru by the local authority administration areas is shown in Table 1.3.

**Table 1.3: Total population distribution in the District of Johor Bahru by  
Local Authority Administration Areas (1991-2003).**

Local Authority	1991	2000	2003
JBCC	328,436	433,624	444,165
JBTMC	120,352	390,889	401,042
KuMC	70,237	121,235	124,097
PGLA	22,657	46,245	120,031
JBDLPA	162,789	167,085	170,336

Source: Draft Local Planning for the District of Johor Bahru 2002-2020 (2004).

Table 1.4, shows the population composition by ethnics in the administration areas of the local authority in the district of Johor Bahru. Table 1.4 below shows that bumiputera ethnics formed the biggest population group in Johor Bahru.

**Table 1.4: Population composition by ethnics in the administration areas of  
the Local Authority in the District Johor Bahru.**

Local Authority	Total Population	Bumiputera %	Chinese %	Indian %	Others %
JBCC	404,780	57.5	34.2	7.4	0.9
JBTMC	364,887	36.4	49.8	13.1	0.6
KuMC	113,171	34.6	53.9	11.2	0.4
PGLA	43,169	88.3	2.8	8.6	0.3
JBDLPA	NA*	NA*	NA*	NA*	NA*

\*Note: NA (Not available)

Source: Analysis from Malaysian Population and Housing Census, 2000, Malaysian Statistical Department. (2001).

**Table 1.5: Total house hold and housing by the administration areas of the  
Local Authority in the District of Johor Bahru.**

Local Authority	Total House Hold	Total Resident
JBCC	94,127	105,197
JBTMC	84,088	106,229
KuMC	24,236	35,501
PGLA	10,059	12,195
JBDLPA	34,117	NA*
<b>Jumlah</b>	<b>246,627</b>	<b>259,122</b>

\*Note: Not Available.

Source: Malaysian Population and Housing Census, 2000, Malaysian Statistical Department, (2001). Draft Local Planning, District of Johor Bahru, 2002-2020, (2004).

From the above analysis, in Table 1.5 shows the total resident properties available is exceeding the total household in Johor Bahru. This situation shows that, there is an over supply of residential property, which can be termed as the property overhang.

## INCOME AND RESIDENTIAL PROPERTY OWNERSHIP

A field study is carried out on the income and residential property ownership among the bumiputera in the district of Johor Bahru. The field study involved 462 respondent based on 95 percent degree of confidence using Taro Yamane Formula (1973). Table 1.6 shows the analysis carried out on the level on income of the respondent.

**Table 1.6: Analysis on the level of household monthly income**

Monthly Income Level	Frequency	Percentage	Accumulated Percentage
Below RM1,000	110	23.8	23.8
RM1,000 – RM1,499	100	21.6	45.5
RM1,500 – RM1,999	102	22.1	67.5
RM2,000 – RM2,499	51	11.0	78.6
RM2,500 – RM2,999	36	7.8	86.4
RM3,000 – RM3,499	33	7.1	93.5
RM4,000 – RM4,499	10	2.2	95.7
RM4,500 – RM4,999	5	1.1	96.8
Above RM5,000	13	2.8	100.0
<b>Jumlah</b>	<b>462</b>	<b>100.0</b>	

Source : Field Survey (2005)

Table 1.7, shows the analysis on the residential property ownership by the respondent and it was found that 55.8 percent is yet to own any residential property before, compared to 44.2 percent already owned.

**Table 1.7: Analysis on residential property ownership**

Property Ownership	Frequency	Percentage
Do not owned	258	55.8
Already owned	204	44.2
<b>Total</b>	<b>462</b>	<b>100.0</b>

Source: Field survey (2005)



Table 1.8, shows the types of property owned by the respondent who already bought. The analysis shows that most of the respondent bought and owned low cost housing and terrace house.

**Table 1.8: Types of residential the respondent that already owned**

Types of Resident	Frequency	Percentage
Low cost	52	25.5
Single storey terrace	65	31.9
Duoble storey terrace	45	22.1
Single storey semi-D	4	2.0
Double storey semi-D	4	2.0
Single storey detach	10	4.9
Double storey detach	3	1.5
Apartment	12	5.9
Others	9	4.4
<b>Jumlah</b>	<b>204</b>	<b>100.0</b>

Source: Field survey (2005)

Table 1.9, shows the price of the residential property when the respondent bought. The analysis shows that most of the respondent bought the residential property with the price below RM150,000 per unit. Thus, RM150,000 per unit is the affordable price to be paid by the respondent (bumiputera) for a residential unit?

**Table 1.9: Price of the residential unit paid by the respondent who already owned a residential unit.**

Price	Frequency	Percentage	Accumulated Percentage
Below 50,000	56	27.5	27.5
RM51,000 – RM99,999	77	37.7	65.2
RM100,000 – RM149,999	37	18.1	83.3
RM150,000 – RM199,999	24	11.8	95.1
RM200,000 – RM249,999	6	2.9	98.0
RM250,000 – RM299,999	3	1.5	99.5
RM300,000 – RM349,999	1	0.5	100.0
<b>Total</b>	<b>204</b>	<b>100.0</b>	

Source: Field survey (2005).

Table 1.10 below shows the affordable price to be paid for a house by the respondents who yet to buy a house. From the analysis, it is found that most of the respondent choose and buy residential unit which is less than RM150,000. Thus, it indirectly shows that the affordable housing for the bumiputera is less than RM150,000.

**Table 1.10: Estimated affordable price to be paid by the respondents who yet to buy and own a house**

<b>Ranges of Price</b>	<b>Frequency</b>	<b>Percentage</b>
Below RM100,000	135	52.3
RM101,000 – RM149,999	81	31.4
RM150,000 – RM199,999	20	7.8
RM200,000 – RM249,999	8	3.1
RM250,000 – RM299,999	11	4.3
RM300,000 – RM349,999	2	0.8
Above RM350,000	1	0.4
<b>Total</b>	<b>258</b>	<b>100.0</b>

Source: Field survey (2005).

In term of lot status choice, most of the bumiputera buyers still to choose housing lot with bumiputera status. This is because by choosing the lot with bumiputera status, the buyer will enjoy up to 15 percent discount on the developer's selling price. Table 1.11, shows the analysis on the choice of lot status.

**Table 1.11: Choice of lot status**

<b>Lot Status</b>	<b>Frequency</b>	<b>Percentage</b>
Bumiputera lot quota	215	83.3
Opened lot	43	16.7
<b>Total</b>	<b>258</b>	<b>100.0</b>

Source: Field survey (2005)

## **THE MARKETING AND ACHIEVEMENT ON THE BUMIPUTERA LOT QUOTA IN JOHOR BAHRU**

To find out whether the Bumiputera Lot Quota Regulation achieved its goal, an analysis is carried out on the market of the residential property in the study area. The analysis is carried out on the residential property stock, price range and the achievement in selling the stock. Table 1.12 and 1.13, show the analysis on the stock and price ranges of residential properties in the district of Johor Bahru.

**Table 1.12: Residential Property Stock in the District of Johor Bahru (1998 –2002)**

<b>Year</b>	<b>Present Stock</b>	<b>Construction Completed</b>	<b>Under Construction</b>	<b>Yearly Closing Stock</b>
1997 1998	132,707	9,962	24,205	<b>142,669</b>
1998 1999	142,669	8,582	27,091	<b>151,251</b>
1999 2000	242,905	5,466	34,643	<b>248,371</b>
2000 2001	253,968	14,909	34,552	<b>268,877</b>
2001 2002	268,877	17,510	33,092	<b>286,387</b>
2002 2003	285,363	16,861	34,609	<b>302,224</b>

Source : Housing Division State Secretary Office(2003) and Property Market Report 2002/3

**Table 1.13: Residential properties price ranges in the District Johor Bahru (1998 - 2002)**

<b>Types of Building</b>	<b>2002</b>	<b>2001</b>	<b>2000</b>	<b>1999</b>	<b>1998</b>
Single storey terrace	RM85,000 – RM320,000	RM90,000 – RM280,000	RM86,000 – RM225,000	RM90,000 – RM240,000	RM120,000 – RM300,000
Double storey terrace	RM150,000 – RM438,000	RM134,000 – RM400,000	RM130,000 – RM295,000	RM140,000 – RM364,000	RM140,000 – RM420,000
Single storey semi-D	RM108,000 – RM450,000	RM150,000 – RM380,000	RM150,000 – RM300,000	RM140,000 – RM430,000	RM185,000 – RM588,000
Double storey semi-D	RM190,000 – RM715,000	RM230,000 – RM560,000	RM150,000 – RM810,000	RM165,000 – RM810,000	RM200,000 – RM655,000
Detach house	RM195,000 – RM700,000	RM170,000 – RM1,200,000	No information	RM130,000 – RM850,000	RM350,000 – RM1,600,000
Townhouse	RM116,000 – RM190,000	RM120,000 – RM196,000	RM100,000 – RM140,000	No information	No information
Flat	RM68,000 –	RM60,000 –	RM100,000 –	RM32,000 –	RM63,000 –

	RM145,000	RM168,000	RM140,000	RM134,000	RM115,000
Condominium/ apartment	RM120,000 – RM782,000	RM88,000 – RM828,000	RM95,000 – RM550,000	RM80,000 – RM550,000	RM100,000 – RM630,000

Source : Housing Division Johor State Secretary Office (2003) and Property Market Report (1998, 1999, 2000, 2001 and 2002)

Note: a. the prices range do not include the low cost and medium low cost houses.

b. the price for bumiputera lots are given 15 percent discount.

To study whether the Bumiputera Lot Quota Regulation achieved its goal, i.e. 30 percent on property ownership or not, an analysis is carried out on the residential property market. The analysis is carried out on the various type residential property markets in the district of Johor Bahru from 1998 to 2003. The conclusion of the analysis is shown in table 1.14.

**Table 1.14: The marketing of residential units under the provision of Bumiputera Lot Quota in the District of Johor Bahru (1998-2003)**

Year	Total Units allocated to Bumiputera	Total Unit Sold Out	Total Unit Released to Non Bumiputera	Balance Unit (not sold or released)
1998	9,663	817	3,211	5,635
1999	7,071	599	1,246	5,226
2000	2,558	1,021	606	931
2001	7,303	1,102	2,866	3,335
2002	2,043	350	944	779
2003	2,718	843	1,298	577
<b>Total</b>	<b>31,356</b>	<b>4,732</b>	<b>10,171</b>	<b>16,453</b>
<b>Percent</b>	<b>100.00</b>	<b>15.10</b>	<b>32.43</b>	<b>52.47%</b>

Source: Housing Division, Johor State Secretary Office (2005),

Table 1.1.4, shows the total unit sold out to the bumiputera is 15.10 percent of the total units allocated for them. The low in percentage can conclude that the Bumiputera Lot Quota Regulation do not achieved its initial goals. However, the current situation in property market may have influenced the low percentage. Either the selling price after given 15 percent discount still too high for the bumiputera or the situation of property overhang in property market, by indicating that 52.4 percent of provided unit cannot be sold. Thus, this situation also influenced the bumiputera housing problems in urban area. So, why this situation can be happened?

## FACTORS INFLUENCE THE URBAN BUMIPUTERA HOUSING OWNERSHIP PROBLEMS IN THE DISTRICT OF JOHOR BAHRU

To identify the factors that influenced the urban bumiputera housing problems and issues in the district of Johor Bahru, a field survey through questionnaires is carried out. Result form the field survey and analysis, the identified factors that influenced urban bumiputera housing problems and issues is shown in Table 1.15 and 1.16.

**Table 1.15: Factors influenced urban housing problems faced by the bumiputera in the District of Johor Bahru**

<b>Factors</b>	<b>Total score</b>	<b>Average Score</b>
House price offered by the developer is too high.	2082	4.52
Size/physical condition not suitable.	1982	4.29
Location of the housing estate is not strategic.	1938	4.19
Difficut to secure end financing or loan from bank/financial institution.	1931	4.18
Difficult to reserved incidental cost (lawyer's fee, charge fee and stamp duty is high).	1931	4.18
Not affordable (limited income/ not enough).	1925	4.17
Lacked of information about bumiputera lot in the market.	1907	4.13
Dificult to allocate 10 percent disposit at the initial stage.	1901	4.11
Difficult to secure bumiputera lots (the developer claimed / speculated the lots are sold out).	1898	4.11
Type of interest on the residential property (freehold or leasehold).	1874	4.06
Restriction in interest (reselling of a bumiputera lot is difficult because less secondary market).	1864	4.03
Bumiputera lot is less interested (closed and limited market ).	1851	4.01
Location of a bumiputera lot within a housing estate is not strategic	1848	4.00
Type of building is not suitable (high rise building).	1835	3.97

Source: Field survey (2005).

## THE FINDINGS

From the above analysis, the most important findings of the study are as follow:

- a. The introduction and implementation of the Bumiputera Lot Quota Regulation failed to achieve its goals. The low percentage of the sold out bumiputera lots from the total quota allocated, show the regulation does not achieved its goal. The low percentage also gives implication on the achievement of the New Economic Policy, 1971.
- b. Most of the bumiputera affordable housing are below RM150,000 per unit. However, most of housing development by the private developers in Johor Bahru offered houses more than RM150,000 per unit. Moreover, most of the bumiputera are still in the lower and medium income groups. Thus, the regulations must consider the derived demand of affordable housing and not only concentrate on the needs by the bumiputera.

### **Factors influenced the problems faced by the bumiputera in residential ownership**

From the analysis carried out, urban housing problems and issues by the bumiputera and Johor Bahru and thus the failure of the Bumiputera Lot Quota Regulations are as follows:

- a. The price of the houses offered by the private developers is high, although after 15 percent discount is given. The price offered is sometimes speculated by the developers for bigger margin. The supply of the affordable housing is limited compared to the high demand. Thus, it pushed up the price of the house. The high in housing prices give implication to the affordability of to the bumiputera to buy and own home is beyond their income.
- b. The size or the physical condition of the houses is small to accommodate big household. For the affordable home, below RM150,000 per unit, the size offered by the developers are smaller. Most of the bumiputera migrated from the rural areas bring along big household. They are offered the houses with smaller size such as single and double storey terrace houses. Apart from that, they are also offered to stay in the high rise buildings such as flats and apartments which are yet to familiar.
- c. The bumiputera buyers are less affordable to buy medium high and high cost housing for better living conditions. This is due to the limited incomes and the standard of their socio-economics conditions which influenced by socio-historical during the colonial era.
- d. Difficult to secure loan or end financing from banks and financial institutions. The qualification to secure any loan amount or end financing will depend on the total incomes and expenditures of the household. Hence, most of the bumiputeras are in the lower and medium income groups found difficulty to secure loan from banks or private institutions.
- e. Problem to pay or allocate 10 percent deposit of the selling price. This deposit is to be paid upon signing the Sale and Purchase Agreement, required under The Housing Developer's Act (Licensing and Controlled), 1966 as part of progress

payments. Thus, if the selling price of the house is high, then the 10 percent deposit needs to be paid is also high and is a burden to the buyers.

- f. The location is not strategic, either the housing estates or the bumiputera lots allocated within the housing estate. Most of the affordable housing estates are located away from the town area. It may affect other fictional cost. The developers have the say to propose the allocation of the bumiputera lot within a housing estate. However, the developers have to follow guild line issued by the State Authority before getting approval. Some of the lots allocated to the bumiputera is not suitable such as, the position of `Kiblat' for prayer. This is similar to `Fung Shui' for the Chinese.

## **CONCLUSION**

The Bumiputera Lot Quota Regulations is a policy introduced with the aim to balance the housing ownership between<sup>1</sup> the bumiputera and other ethnics in Malaysia, especially the Chinese. Although the regulations was introduced and implemented for decades, it still does not meet the initial goals, especially in the urban areas. Thus, it created housing problems and issues in the urban area. The failure to meet its goals, is shown by the low percentage of sold out houses, i.e. 15 percent of the total allocated to the bumiputera. (at least 30 percent of the total development). The bumiputera housing problems and issues in the urban areas are influenced by various factors such as the price of the house is high and unaffordable, difficult to secure loan or end financing, problem to allocate 10 percent deposit, size and type of the building is not suitable and location, location within location is not strategic.

Apart from the above factors, the failure of Bumiputera Lot Quota Regulations to meet its goal can also be linked to the socio-economic, socio-historical of the bumiputera ethnic and the current property market speculations.

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